

COMMITTEE CONFERENCE  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of:	)	
	)	
Application for Certification	)	Docket No.
for the Palmdale Hybrid	)	08-AFC-9
Power Project	)	
_____	)	

CALIFORNIA ENERGY COMMISSION

HEARING ROOM B

1516 NINTH STREET

SACRAMENTO, CALIFORNIA

THURSDAY, JULY 9, 2009

1:30 p.m.

Reported and Transcribed by:  
John Cota  
Contract No. 170-08-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Jeffrey D. Byron, Presiding Member

Paul Kramer, Hearing Adviser

Kristy Chew, Advisor to Commissioner Byron

David Hungerford, Advisor to Commissioner  
Rosenfeld

CEC STAFF AND CONSULTANTS PRESENT

Caryn Holmes, Staff Counsel

Christopher Dennis

Felicia Miller

Misa Milliron

Laiping Ng

Negar Vahidi, Aspen Environmental Group

Robert Worl

PUBLIC ADVISER'S OFFICE

Elena Miller, Public Adviser

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPLICANT

Michael J. Carroll, Attorney  
Latham & Watkins, LLP

Thomas M. Barnett  
Inland Energy, Inc.

Kim McCormick (via telephone)  
Inland Energy, Inc.

Tony Penna  
Inland Energy, Inc.

The Honorable James C. Ledford, Jr., Mayor  
City of Palmdale

Steve Williams, City Manager  
City of Palmdale

Sara Head  
AECOM Environment

ALSO PRESENT

Rick Buckingham  
Department of Water Resources

Eldon Heaston  
Mojave Desert Air Quality Management District

Candace Jordan (via telephone)  
Crown Technical Systems

Steve Knight, Assemblyman  
Thirty-Sixth Assembly District

Chris Ludlum (via telephone)  
City of Lancaster, Public Works Department

Steve Radis  
Marine Research Specialists

Will Smith, Chief of Staff  
Office of Senator George Runner  
17th Senate District

Erinn Wilson (via telephone)  
Department of Fish and Game

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1 P R O C E E D I N G S

2 1:30 p.m.

3 PRESIDING COMMISSIONER BYRON: We're  
4 going to try to do this without the microphones.  
5 We have a phone line open and, of course, our  
6 court reporter has his microphones.

7 But we have found if we use these we can  
8 only have one at a time and it makes it a little  
9 challenging. So if we'll all speak loudly John  
10 will let us know if we have any other problems.

11 Good afternoon. My name is Jeff Byron.  
12 I'm the presiding commissioner on the Palmdale,  
13 I'm looking if there's an energy --

14 MS. F. MILLER: Hybrid.

15 PRESIDING COMMISSIONER BYRON: --  
16 hybrid, the Palmdale Hybrid Power Project. And  
17 representing my associate member on the  
18 commission, I'm sorry, on this committee,  
19 Commissioner Rosenfeld, is his advisor, David  
20 Hungerford.

21 I'll just say a few opening remarks and  
22 then turn it over to our hearing officer Paul  
23 Kramer.

24 Also with me is my advisor Kristy Chew.

25 So I think what we'll probably do is

1 take roll. We're here on behalf of a request from  
2 the applicant to address scheduling issues. And  
3 I'm not sure that there is anything else I have to  
4 add at this point.

5 But I do welcome our elected official  
6 here. Are there any other elected officials that  
7 might be present today?

8 MR. CARROLL: Would you like  
9 introductions?

10 PRESIDING COMMISSIONER BYRON: We would.  
11 We will not only do introductions but we will also  
12 ask if they'd like to say something.

13 MR. CARROLL: Perfect.

14 PRESIDING COMMISSIONER BYRON:  
15 Mr. Kramer.

16 HEARING OFFICER KRAMER: Okay. Folks on  
17 the phone, we'll take your roll in a minute after  
18 we introduce people here in the room so just stand  
19 by.

20 Can one person on the phone tell me  
21 whether or not you're hearing us.

22 MS. WILSON: I can hear you guys great.

23 HEARING OFFICER KRAMER: Thanks. We'll  
24 begin with the staff for introductions.

25 MS. HOLMES: Thank you. Caryn Holmes,

1 staff counsel. To my left is Felicia Miller the  
2 project manager. We also have several members of  
3 staff representing various technical disciplines  
4 in the audience.

5 HEARING OFFICER KRAMER: And the  
6 applicant.

7 MR. CARROLL: Mike Carroll with Latham  
8 and Watkins on behalf of Inland Energy and the  
9 applicant. And I will let those to my left  
10 introduce themselves.

11 MR. BARNETT: My name is Tom Barnett.  
12 I'm the Executive Vice-President with Inland  
13 Energy which is under contract to the applicant,  
14 the City of Palmdale. We're under contract to  
15 manage the permitting effort.

16 MR. WILLIAMS: I'm Steve Williams. I'm  
17 the City Manager for the City of Palmdale.

18 MAYOR LEDFORD: My name is Jim Ledford.  
19 I'm the Mayor of the City of Palmdale.

20 ASSEMBLY MEMBER KNIGHT: Steve Knight,  
21 Assemblyman for the Thirty-Sixth Assembly  
22 District.

23 CHIEF OF STAFF SMITH: I'm Will Smith.  
24 I'm Chief of Staff to the Senator for the  
25 district, George Runner.

1 HEARING OFFICER KRAMER: Okay.

2 MR. CARROLL: We have additional members  
3 of our team, Tony Penna who is with Inland Energy.

4 Sara Head with AECOM, the environmental  
5 consulting firm for the project.

6 Eldon Heaston, with the Antelope Valley  
7 Air Quality Management District I also see in the  
8 audience.

9 PRESIDING COMMISSIONER BYRON: Well,  
10 welcome. I'd certainly be interested in hearing  
11 from our elected officials. We're always pleased  
12 to have those present, particularly when they come  
13 as far as you have.

14 Mayor would you like to say anything?

15 MAYOR LEDFORD: I would love to. Number  
16 one, thank you for allowing us to be here today  
17 for this meeting.

18 The City of Palmdale is the applicant in  
19 this project. And I'm somewhat responsible for  
20 the questions we're asking.

21 We're asking the question of timing and  
22 as far as our application and naturally I have a  
23 perception of a different timeline.

24 So naturally I ask the question, why are  
25 we behind schedule and thus this hearing today.



1                   So I'm really here to listen, you know,  
2           to the facts so I can report back to my council  
3           and for us, you know, this is a very important  
4           project for us in the City of Palmdale.

5                   And naturally we have a keen interest  
6           and I have to represent the progress for the rest  
7           of my colleagues. Thank you for letting me be  
8           here.

9                   PRESIDING COMMISSIONER BYRON:  
10          Absolutely, understood. Assembly member.

11                   ASSEMBLY MEMBER KNIGHT: Thank you  
12          Commissioner for allowing me to come. I was on  
13          the city council for three years.

14                   I served with Mayor Ledford. And so I  
15          have a little time frame of the movement of this.

16                   And I also have the ability to look at  
17          it and see what kind of an economic engine this is  
18          going to be for our area.

19                   The Mayor has seen this traverse through  
20          its time period and we're very excited that it's  
21          moving.

22                   But we also want it to move a little  
23          quicker. We want this to get through the process.

24                   We understand what it's going to do for  
25          the high desert.

1                   I've written a couple of bills up here  
2           that would help the high desert because of the  
3           inherent sun that we get in the Mojave Desert.

4                   We know that this type of work is going  
5           to be there.

6                   This has been identified as one of the  
7           best places on the globe to put this type of  
8           technology.

9                   So I love that Palmdale is taking the  
10          lead in being at the forefront of this.

11                  I love that they're working hard and  
12          diligent and Inland Energy is pushing this. But,  
13          you know, as the representative of the district I  
14          want to be able to say that we're pushing forward  
15          with this.

16                  And this is the technology that the  
17          Mojave Desert is going to see over the next 50  
18          years and Palmdale has taken that lead.

19                  So again I thank you for letting me be  
20          here and say just a couple of words and, thank  
21          you.

22                  PRESIDING COMMISSIONER BYRON: Okay,  
23          you're certainly welcome and we hope that if  
24          there's any other thing you wish to say that you  
25          will do so.

1           As you know this is the way we conduct  
2           our processes here at the Commission.

3           We have public meetings with all of the  
4           parties and I'll bet you there may be some others  
5           that we haven't introduced yet. Is that correct?

6           HEARING OFFICER KRAMER: Yeah, I wanted  
7           to see who was on the telephone.

8           MR. CARROLL: Before we go to that part  
9           of it I think Mr. Smith perhaps wanted to make  
10          some comments on behalf of Senator Runner.

11          HEARING OFFICER KRAMER: Oh, okay,  
12          sorry.

13          PRESIDING COMMISSIONER BYRON: Forgive  
14          me.

15          CHIEF OF STAFF SMITH: On behalf of  
16          Senator Runner I just wanted to thank you for  
17          letting me speak.

18          It's an important project. We like the  
19          fact that it's a municipal project and we  
20          appreciate that one of our cities has stepped up  
21          on that. And we think that shouldn't be  
22          overlooked.

23          And then the second thing is just the  
24          renewable component is an important aspect.

25          And we think this is a good project not

1       only for our district but also for the state.

2       Thank you.

3               PRESIDING COMMISSIONER BYRON:   Good,  
4       thank you.

5               HEARING OFFICER KRAMER:   Thank you.   So  
6       on the telephone can you please identify  
7       yourselves.

8               MS. JORDAN:   My name is Candace Jordan.  
9       I am the business development coordinator for a  
10      supply company named Crown Technical Systems.

11              I'm just keeping a watchful eye on this  
12      project.   We are in the California region and we  
13      would hopefully be supplying some of the  
14      electrical substation control equipment.

15              HEARING OFFICER KRAMER:   For the benefit  
16      of our court reporter could you spell your first  
17      and last names.

18              MS. JORDAN:   Absolutely, it's Candace,  
19      C-A-N-D-A-C-E, last name, Jordan, J-O-R-D-A-N with  
20      Crown Technical Systems.

21              HEARING OFFICER KRAMER:   Thank you.  
22      Anyone else on the phone?

23              MS. McCORMICK:   Yeah, this is Kim  
24      McCormick.   I'm an environmental permitting  
25      counsel for the applicant Inland Energy.

1                   And the spelling is Kim, K-I-M,  
2           McCormick, M-C-C-O-R-M-I-C-K.

3                   HEARING OFFICER KRAMER:   Thank you.

4                   MS. WILSON:   This is Erinn Wilson.   I'm  
5           with the Department of Fish and Game.   I'm the  
6           biologist on this project.

7                   And the last name is W-I-L-S-O-N, first  
8           name, E-R-I-N-N.

9                   MS. VAHIDI:   Hi, this is Negar Vahidi  
10          with Aspen Environmental Group.   I'm the land use  
11          technical specialist for the Energy Commission on  
12          the project.

13                  And the spelling of my name is N as in  
14          Nancy, E-G-A-R, last name, Vahidi, V as in Victor,  
15          A-H-I, D as in David, I.

16                  HEARING OFFICER KRAMER:   Thank you,  
17          anyone else?

18                  MR. LUDLUM:   Chris Ludlum, L-U-D-L-U-M,  
19          City of Lancaster, Public Works Department.

20                  HEARING OFFICER KRAMER:   And your first  
21          name.   It could be spelled several ways.

22                  MR. LUDLUM:   Christopher or Chris, C-H-  
23          R-I-S.

24                  HEARING OFFICER KRAMER:   The  
25          conventional way (laughter).   Anyone else on the

1 telephone?

2 Okay, we may have a couple of other  
3 people in the audience who wish to identify  
4 themselves.

5 MR. BUCKINGHAM: We need a mic back  
6 here.

7 PRESIDING COMMISSIONER BYRON: As long  
8 as you're loud enough we'll catch you.

9 MR. BUCKINGHAM: Thank you. Rick  
10 Buckingham, California Department of Water  
11 Resources, State Water Project.

12 THE REPORTER: How do I spell your last  
13 name?

14 MR. BUCKINGHAM: B-U-C-K-I-N-G-H-A-M.  
15 The State Water Project has a facility nearby the  
16 proposed Palmdale Project.

17 HEARING OFFICER KRAMER: Anyone else in  
18 the audience? Seeing none, this is a motion  
19 brought at the behest of the applicants.

20 So it seems appropriate that the  
21 applicant go first. Mr. Carroll.

22 MR. CARROLL: Thank you. We did request  
23 this conference to address the scheduling issues  
24 relative to the schedule issued by the Committee  
25 at the onset of these proceedings.

1                   We are just about four months behind.  
2           We had expected or according to the schedule the  
3           expectation was that a preliminary staff  
4           assessment could be issued a little less than four  
5           months ago.

6                   We do not have a preliminary staff  
7           assessment at this point and I frankly haven't  
8           heard anything from staff that would suggest that  
9           it's imminent.

10                   So we're deeply concerned about that as  
11          you heard from the applicant and the city they  
12          share that concern.

13                   We have been informed that there are  
14          certain pieces of information that staff believes  
15          that they need before they can proceed to a  
16          preliminary staff assessment.

17                   We're a little bit distressed about that  
18          given the period of time that we have been engaged  
19          in this process and the hundreds of data requests  
20          that have been responded to.

21                   We're obviously well beyond the date  
22          that discovery would typically be cut off in a  
23          proceeding such as this.

24                   So we're concerned that there are  
25          apparently additional pieces of information that

1 staff needs.

2 Our view is that there is some  
3 additional information that may be forthcoming.  
4 One notable example that I think we're going to  
5 get into a little bit later is the facilities  
6 study from the utility.

7 That's obviously something that's not  
8 completely within our control of that we have been  
9 working very closely with Southern California  
10 Edison to try to make that happen.

11 So we will concede that there are  
12 certain pieces of information that being one of  
13 example that will be forthcoming in the future.

14 However we don't view the absence of  
15 that at this point as being an impediment to  
16 moving forward with the PSA.

17 There are other areas where we believe  
18 that staff may be looking for additional  
19 information where frankly there won't be any  
20 additional information forthcoming in the near  
21 future because we've already provided all the  
22 information that we have in that respect.

23 And I think we'll get into those but an  
24 example would be with respect to the emission  
25 offsets for the project.



1           But with respect to both of those  
2       categories information that may be forthcoming in  
3       the future in areas where we frankly don't have  
4       any additional information. We don't see anything  
5       that would be an impediment to the staff moving  
6       forward with the preliminary staff assessment.

7           Our request would be that they conduct  
8       their analysis based on the information that they  
9       have and reach conclusions or not based on the  
10      information they have.

11          And by, or not, I mean, if, what I mean  
12      by that is if the PSA concludes that there are  
13      certain areas where the staff cannot conclusively  
14      complete its analysis because it requires  
15      additional information it's perfectly acceptable  
16      for the PSA to state as such.

17          And so what we would encourage is that  
18      the staff move forward with the PSA, conduct its  
19      analysis as best it can based on the information  
20      that it has.

21          And to the extent that it requires  
22      additional information in certain areas  
23      specifically identify those areas and those  
24      additional pieces of information that are required  
25      and then we can engage in a process between the

1       PSA and the FSA to try to plug those gaps.

2               So I think that's really why we  
3       requested the conference. And I would think it's  
4       absolutely critical that we move forward.

5               And I will say that we are certainly not  
6       unsympathetic to the constraints under which the  
7       staff is laboring.

8               We understand that there are a lot of  
9       projects in the pipeline.

10              We understand that there is a lot going  
11      on in the state that's impinging upon the staff's  
12      abilities to perform as they might like to.

13              And I think we're willing to accept a  
14      certain amount of delay as being beyond all of our  
15      control. But where we are in this process on this  
16      particular project we feel is beyond what we would  
17      expect as a reasonable amount of delay based on  
18      those factors that are impinging on all of us from  
19      external forces.

20              So I think what we'd like to do today is  
21      sort of go through, and I will say that I think  
22      we've made some good progress recently in  
23      winnowing down, at least I hope that we have,  
24      winnowing down the outstanding issues. And what  
25      I'd like to do is suggest that we go through

1       those, that staff identify for the Committee and  
2       for us those areas where they believe need  
3       additional information before they can proceed to  
4       the next step and that we engage in some  
5       discussion about, whether in fact, that is really  
6       the case.

7               MAYOR LEDFORD:  If I might add one more  
8       element.  As a city we're also concerned about the  
9       possible federal stimulus dollars in regards to  
10      this project so we do have a deadline on that as  
11      well.  So we are paying attention early on in this  
12      process for that reason.

13             HEARING OFFICER KRAMER:  You know we  
14      hear that from a lot of people.  Do you know, is  
15      anybody is making an effort to have those stimulus  
16      deadlines extended?

17             MAYOR LEDFORD:  Well no, not at this  
18      time.  We're under the assumption we're going to  
19      make our deadline.

20             PRESIDING COMMISSIONER BYRON:  Mayor, do  
21      you recall what that deadline is?

22             MAYOR LEDFORD:  I believe it's 2010 is  
23      the deadline, exact deadline.

24             MR. BARNETT:  Yes.  The Federal Stimulus  
25      Package components that we're interested in, this

1 is Tom Barnett by the way, with Inland, would be  
2 in particular the federal loan guarantees which  
3 would make a substantial difference to the  
4 project's economics and to the financing.

5 And in order to qualify for those -- and  
6 let me add the other major component that's a  
7 factor for renewables, and in particular, solar  
8 projects such as this, is the ability to receive  
9 the investment tax credit all at one time, up  
10 front, once we go into commercial operation.

11 And that makes a huge difference. And  
12 in order to qualify for these Federal Stimulus  
13 Packages you need to be shovel ready which has  
14 been defined as a break ground by the end of 2010.

15 And even though, you know, that's a  
16 substantial period from now, the reality is that  
17 this project as developed by the City of Palmdale  
18 is one that wants to get the permit and then bring  
19 in an entity that will actually complete the  
20 development process, secure the power purchase  
21 agreements, put the financing in place so that  
22 they can actually begin construction by the end of  
23 2010.

24 And according to the time table that we  
25 have in front of us right now, we need to get this

1 permit by the end of this year.

2 And if we can't do that and as it begins  
3 to push into 2010 it is going to severely impinge  
4 on our ability to be able to meet that Federal  
5 Stimulus Package deadline.

6 PRESIDING COMMISSIONER BYRON: Thank  
7 you.

8 HEARING OFFICER KRAMER: Along those  
9 lines, I can't remember if it was this case but I  
10 think it was. I had a little diatribe at the  
11 informational hearing about applicants who don't  
12 seem to fully review the conditions of  
13 certification prior to the decision coming out.  
14 And then they require a lot of amendments once the  
15 engineers have actually reviewed the conditions,  
16 post-certification.

17 And that's, I know some of the  
18 commissioners have on occasion have said that  
19 they're not really pleased by that. So I just  
20 want to, if this is the first diatribe we'll mark  
21 it as number one otherwise I'm just repeating  
22 myself. But I think that point bears repeating.

23 PRESIDING COMMISSIONER BYRON: Thank  
24 you, Mr. Kramer.

25 MR. CARROLL: To that point what I would

1 add is, you know, this project is very similar to  
2 the Victorville 2 Hybrid Project that the  
3 Commission previously certified, same development  
4 team.

5 Our expectation would be, given the  
6 similarities between the projects with obviously  
7 some differences based on location, that the  
8 conditions would be similar.

9 So, you know, we've hashed through what  
10 we think will be the post conditions on this  
11 project or at least something close to that.

12 So I wouldn't expect that to be a  
13 particular problem on this project.

14 HEARING OFFICER KRAMER: That would be  
15 nice.

16 Staff did you want to make a brief  
17 response before we get into the, well, or be less  
18 than brief if you want, before we get into the  
19 individual issues.

20 MS. HOLMES: I'd rather be brief. In  
21 sum, the staff does believe that there are a  
22 number of areas where there are some significant  
23 informational items that are missing.

24 This is not an instance of one or two  
25 pieces of information that are missing. There's

1 more than that and they are pieces of information  
2 that we think are very important to understanding  
3 the project and understanding the proposed  
4 mitigation measures.

5 We don't find it helpful to put out a  
6 PSA that says we don't have enough information to  
7 make a conclusion in four or five areas.

8 And we don't think it's helpful for  
9 members of the public who are also trying to  
10 review the project.

11 So we would like to see this information  
12 provided. I agree with Mr. Carroll that it seems  
13 that we have made some progress in talking about  
14 the schedule of when certain pieces of information  
15 are going to come in that we may be able to close  
16 the gap some.

17 So I suggest that we simply march  
18 through the topic areas one by one so that the  
19 Committee can understand what the specific  
20 concerns are of both parties.

21 HEARING OFFICER KRAMER: Okay.  
22 Mr. Carroll, you want to tee up issue number one?

23 MR. CARROLL: I think it actually may be  
24 more appropriate to work the other way since --

25 HEARING OFFICER KRAMER: Oh, okay.

1                   MR. CARROLL:  -- from our perspective  
2           they have everything they need.  And so I think  
3           perhaps the most efficient way to work through  
4           this would be for the staff to tee up those areas  
5           where they see deficiencies and then we can  
6           respond.

7                   MS. HOLMES:  All right.  Well we can go  
8           alphabetically and start with air quality.

9                   One that we all have had a lot of  
10          experience with.  With respect to air quality we  
11          have asked a data request which we do not believe  
12          have been adequately responded to regarding the  
13          identification of offsets that are needed for VOC  
14          and NOx.

15                  The project is in an non-attainment area  
16          for federal ozone, state PM-10 and state ozone.  
17          As a result NOx and VOC emission reduction credits  
18          are required.

19                  The applicant's proposal has changed  
20          several times initially.  They had planned to use  
21          priority reserve credits.  We all know that those  
22          are currently unavailable.

23                  There was some discussion at some point  
24          about obtaining only one type of credit from an  
25          up-wind basin and doing an inter-pollutant inner



1 basin trade.

2 Currently I understand that proposal is  
3 off the table and what we are looking at is a  
4 proposal to have emission reduction credits for  
5 NOx and VOC provided from the San Joaquin Air  
6 District.

7 Staff's concern is that no offsets have  
8 been identified. We don't know whether are any  
9 under consideration. We don't know if there are  
10 negotiations. We don't have any information about  
11 the feasibility of obtaining offsets.

12 We do know that there is a list of  
13 banked ERCs on the San Joaquin Air Quality  
14 Management District website.

15 But we don't know if those offsets are,  
16 if the owners of those offsets are interested in  
17 selling them.

18 We don't know if this applicant is  
19 engaged in negotiations to obtain them.

20 Typically by the time we publish a PSA  
21 we have quite a good idea of where offsets are  
22 going to come from.

23 All of the specific sources may not be  
24 identified but generally most of them are. In  
25 this case we don't have any idea.

1                   With respect to the particulate matter  
2                   emission reduction credits that proposal has  
3                   changed as well.

4                   My understanding is that they are  
5                   proposing to get them from road paving.

6                   Initially they had talked about having a  
7                   rule adopted by the Air District similar to what  
8                   we saw with the Victorville 2 Project.

9                   Now I understand there is no proposal to  
10                  adopt a rule.

11                  This requires EPA and as we read the  
12                  rules this requires the approval of EPA and the  
13                  Air Resources Board.

14                  We don't have information that we've had  
15                  on other projects to indicate how feasible, even  
16                  without a rule, road paving would be.

17                  We don't have traffic counts.

18                  We don't know how much emission  
19                  reduction is possible with the list of, tentative  
20                  list of roads that they have provided.

21                  So in sum we feel that there is a great  
22                  deal of information missing regarding the  
23                  specificity of the offsets.

24                  Certainly there's much less information  
25                  than we have experienced and we have requested and

1 received for other cases.

2 PRESIDING COMMISSIONER BYRON: So are  
3 you going to stop there Ms. Holmes?

4 MS. HOLMES: I'm trying to keep it  
5 brief. (laughter)

6 PRESIDING COMMISSIONER BYRON: Okay.  
7 How many other issues do you see that we'll be  
8 going through?

9 MS. HOLMES: We have air quality as one  
10 issue, transmission system engineering as an  
11 issue, soil and water resources and biological  
12 resources, cultural resources which we had  
13 identified in the status report has been resolved.

14 PRESIDING COMMISSIONER BYRON: Good.

15 HEARING OFFICER KRAMER: Mr. Carroll do  
16 you want to respond?

17 MR. CARROLL: Yes. With respect to the  
18 proposed offset package for the ozone precursors  
19 for NOx and VOC it is true that initially the  
20 project intended to obtain offsets from the  
21 priority reserve, however, the change in the  
22 offset package is not a recent development.

23 It's as late as, perhaps what I should  
24 say is as early as February of this year when the  
25 Air District issued the preliminary determination

1 of compliance for the project the proposal was to  
2 obtain NOx credits and VOC credits to offset NOx  
3 and VOC emissions respectively from the San  
4 Joaquin Valley and trade those in.

5 So I don't want there to be any  
6 suggestion that the change in the offset package  
7 is a recent phenomenon. It took place some time  
8 ago.

9 Because, in fact, the adverse decision  
10 affecting the priority reserve came out right  
11 around the time that this application was being  
12 submitted.

13 With respect to whether or not those  
14 offsets are under contract, we understand that  
15 historically sources have gone out or proposed  
16 projects have gone out and have obtained option  
17 contracts for their emission offsets.

18 We also appreciate and we work on many  
19 projects throughout the state that in certain  
20 areas of the state that is still possible. In  
21 other areas of the state it simply is not  
22 possible.

23 The quantity of the offsets has  
24 diminished. The value has risen dramatically.

25 And the holders simply aren't willing to

1 take their offsets off of the market for a period  
2 of a year or two years which is basically what we  
3 would need in order to get through the permitting  
4 process at any sort of a reasonable price.

5 So our ability to get an option contract  
6 as has been historically done is essentially been  
7 eliminated in certain areas including in the San  
8 Joaquin Valley Air Pollution Control District.

9 It's the same situation in other air  
10 districts. And I've raised this with staff as  
11 sort of a policy level outside of the context of  
12 any particular project and encouraged the staff to  
13 think about rethinking at what point in the  
14 process offsets need to be obtained as sort of a  
15 policy question.

16 But this is one of those projects that's  
17 affected by that.

18 Having said that, a banked ERC in the  
19 San Joaquin Valley is a banked ERC in the San  
20 Joaquin Valley.

21 The inter-district offset ratio is pre-  
22 established by the Antelope Valley rules. There  
23 are no distance ratios.

24 In some areas we have a distance ratio.  
25 So it really does matter where your offset is

1 coming from. We don't have that in this case.

2 So what we're going to be using are  
3 certified, excuse me, certified emission reduction  
4 credits from the San Joaquin Valley.

5 There is nothing in the rules or nothing  
6 in the analysis that would be affected by the  
7 particular location or the particular certificate  
8 number that covers those offsets.

9 So our view is that there is nothing  
10 that precludes the staff from evaluating whether  
11 or not a banked emission reduction credit in the  
12 San Joaquin Valley meets the applicable air  
13 quality requirements.

14 The Air District believes that they do,  
15 by the way, and indicated as such in their  
16 preliminary determination of compliance and a  
17 revised preliminary determination of compliance or  
18 whether those offsets adequately mitigate the  
19 project impacts from the CEQA perspective.

20 So our view is the offset plan is very  
21 clear and there is nothing that precludes the  
22 staff from evaluating whether or not those banked  
23 emission reduction credits satisfied project  
24 requirements.

25 With respect to the road paving this

1       isn't anything new either. Road paving has been  
2       the proposal since the beginning.

3               This is exactly what we did for the  
4       Victorville Project.

5               The proposal will be virtually  
6       identical.

7               The only difference between the  
8       Victorville Project and the Palmdale Project is  
9       that the Victorville Project was located on Mojave  
10      Desert AQMD which is a federal non-attainment area  
11      and therefore because EPA insisted upon it, we did  
12      need a rule.

13              The Palmdale Project is in the Antelope  
14      Valley Air Quality Management District which is  
15      attainment for the federal standards and therefore  
16      EPA is not insisting on a rule.

17              The District has an existing generic  
18      credit generation rule on the books that it is  
19      proposing to use as the basis for granting the  
20      road paving credits in this case.

21              So there is a distinction, a sort of  
22      legal, technical distinction between the two  
23      projects.

24              But other than that this proposal is  
25      exactly what the staff analyzed in the Victorville

1 Project and what the Commission approved in the  
2 Victorville Project.

3 I will point out that in the Victorville  
4 Project, as a recent example, we didn't even  
5 identify the roads.

6 Air Quality Condition SC-9 on the  
7 Victorville Project required that the roads be  
8 identified 60 days prior to commencement of  
9 construction.

10 We didn't even identify what roads we  
11 were planning to pave on that project until 11  
12 months after the PSA and over one month after the  
13 Final Certification had been issued.

14 We've identified the road segments in  
15 this case.

16 We haven't provided the average daily  
17 traffic counts.

18 We were nowhere near having that level  
19 of data in the Victorville Project.

20 And so we have seen a huge acceleration  
21 in the quantity of data or the type of data that  
22 is being asked at this stage of the process.

23 So we think with respect to the road  
24 paving, again we've got a very recent example,  
25 we've provided much more information at this stage



1       than was provided in the context of that other  
2       example.

3               And we think that there's more than  
4       sufficient information for the staff to move  
5       forward with the PSA.

6               I will say if that's the only issue  
7       outstanding we'll go out and do the traffic counts  
8       and get that submitted asap.

9               But we certainly don't see why that  
10       would be an impediment to moving forward with the  
11       PSA.

12               HEARING OFFICER KRAMER:   So if it's  
13       impossible to option your offsets, at what point  
14       is it that the applicant is proposing to identify  
15       specific offsets for mitigation?

16               MR. CARROLL:   Let me, you know I  
17       wouldn't say it's impossible.   I mean I think at  
18       some price, you know, probably just about anything  
19       can be done.

20               It's not economically feasible,  
21       particularly for a cash strapped municipality to  
22       lay out the sort of money that the offset holders  
23       would require.

24               So I want to be precise about it.   You  
25       know we have identified sufficient banked offsets

1 in the San Joaquin Valley that we don't think  
2 there's going to be any problem when the time  
3 comes when we have the money in place to just go  
4 out and make a straight purchase.

5 We wouldn't expect to identify which  
6 offsets are going to be acquired until probably  
7 close to the time that the acquisition would  
8 occur.

9 HEARING OFFICER KRAMER: And when would  
10 that be? Just prior to the start of construction?

11 MR. CARROLL: Probably just prior to the  
12 start of construction.

13 HEARING OFFICER KRAMER: How would you  
14 reconcile that with our statute 25, 223 I believe  
15 that --

16 MS. HOLMES: 255-23D2.

17 HEARING OFFICER KRAMER: -- that  
18 requires that they be identified prior to  
19 certification?

20 MR. CARROLL: I think we've identified  
21 the pool from which these offsets will come from.

22 They're going to be valid, banked,  
23 certified emission reduction credits out of the  
24 San Joaquin Valley, APCD and they're generic.

25 One is just the same as the next.

1                   We really think that the offset  
2                   situation has become very much like the biological  
3                   land mitigation. That it has become such a major  
4                   expense that developers and applicants really  
5                   aren't able to fund that out of development  
6                   funding early in the process.

7                   And it really has become an expense much  
8                   like biological mitigation that you can't do until  
9                   you know with certainty that you've got a project  
10                  and you're able to go out and get financing for  
11                  it.

12                 And that's been a standard approach for  
13                 the biological mitigation where we sort of know  
14                 generically what type of land is going to be  
15                 acquired but we don't know exactly what piece of  
16                 land will be acquired.

17                 And there are conditions that lay out  
18                 the criteria for the type of land that needs to be  
19                 acquired and that it gets acquired at some point  
20                 usually prior to commencement of construction.

21                 And we view this, you know, very similar  
22                 to that situation.

23                 It didn't used to be that way because  
24                 the price tag wasn't so great. But now that the  
25                 price has grown it really has become much more

1 similar to that.

2 HEARING OFFICER KRAMER: And, let's see,  
3 I had another question. Are you saying then that  
4 because there's no distance requirement for the  
5 intra, rather, inter-district transfers, that a  
6 credit from the Stockton area would be given the  
7 same value in the Antelope Valley as would one  
8 let's say, in Bakersfield?

9 MR. CARROLL: My geography is not very  
10 good. Assuming that both of those cities are in  
11 San Joaquin Valley APCD, yes.

12 I mean, any credit banked anywhere in  
13 the San Joaquin Valley APCD is going to be treated  
14 just the same for purposes of addressing the air  
15 quality requirements of the Antelope Valley.

16 HEARING OFFICER KRAMER: Because as I  
17 vaguely recall I think within the San Joaquin  
18 District they had distance discounts.

19 So I find it somewhat anomalous that  
20 those wouldn't apply when you go out of the, when  
21 you take the credits out of the district.

22 PRESIDING COMMISSIONER BYRON: Perhaps  
23 someone can shed light on this.

24 MR. RADIS: Within San Joaquin Valley --

25 PRESIDING COMMISSIONER BYRON: Please

1 identify yourself.

2 MR. RADIS: Oh, I'm sorry, my name is  
3 Steve Radis. Within the San Joaquin Valley if you  
4 are trading offsets between, let's say, Stockton  
5 and Bakersfield and I think over 15 or 50 miles, I  
6 had to look it up, we wouldn't allow that  
7 particular trade to occur.

8 The other concern we have is whether or  
9 not their pre 1990 offsets which EPA would look at  
10 a lot differently than more current offsets.

11 Which is why we like to see the offsets  
12 source identified. So we can evaluate, are these  
13 really valid for this project and would they  
14 result in a net air quality benefit.

15 MS. HOLMES: I think there's, I'm sorry,  
16 I think there's two issues here. First of all is  
17 the fact that we have no identification of  
18 anything other than the list of banked offsets  
19 from the district.

20 And secondly, as Steve has pointed out,  
21 the staff and the Commission traditionally have  
22 looked at the location of the offsets in  
23 determining whether or not the proposal is  
24 sufficient.

25 MR. CARROLL: I think that's largely

1       been true in air districts that have distance  
2       ratios.

3               I mean, the Antelope Valley AQMD rules  
4       which are the rules that we need to comply with  
5       because that's where the project is located  
6       doesn't include distance ratios.

7               And if we were per the jurisdiction of  
8       the San Joaquin Valley APCD then we would have to  
9       take into consideration that the distance ratios  
10      because their rules require it.

11              PRESIDING COMMISSIONER BYRON: I was  
12      actually in San Joaquin Valley two days ago on  
13      another power plant siting case and I believe San  
14      Joaquin does have a distance ratio.

15              So what you're saying is that Antelope  
16      Valley does not, correct? Okay.

17              A question for staff. There's been a  
18      comparison to a previous siting case and following  
19      a similar process here. Did we adopt different  
20      regulations between the times, new regulations,  
21      between the time of these two applications?

22              MS. HOLMES: We don't have any  
23      regulations, the staff doesn't, there are no  
24      regulations that govern the staff's analysis.

25              And there has been no rule making in

1       between the two cases.

2               The differences that the specific rule  
3       and the rule making process that occurred in  
4       Victorville allowed us a great deal of more  
5       understanding than we have currently about the  
6       accounting process that would be used specifically  
7       for creating the PM-10 emission reduction credits.

8               There was a formal process with notice,  
9       with draft, with final and we were able to review  
10      that and review the final rule to determine that  
11      the rule in conjunction with the specific roads  
12      that were identified gave us confidence that the  
13      emission reduction credits that the applicant was  
14      proposing to use for the Victorville Project were,  
15      in fact, real, enforceable, permanent, surplus and  
16      quantifiable.

17              With just the generic rule that the  
18      district has in this instance that they are  
19      proposing to rely on we do not have the same level  
20      of assurance.

21              MR. CARROLL:   And I guess I just have to  
22      respectfully disagree with that because when the  
23      staff was conducting its analysis in Victorville  
24      we hadn't even identified the roads that were  
25      going to be paved yet.

1                   So my view is, and we can ask the Air  
2                   District to respond to this, but the Air District  
3                   is planning to, although they're doing it pursuant  
4                   to their generic rule as opposed to a road paving  
5                   specific rule, the quantification protocol and the  
6                   way they're going to determine the quantity of the  
7                   credits will be identical to the way it was done.

8                   There's a relationship between these two  
9                   air districts. They share a staff. They share an  
10                  APCO and they've been very clear in their  
11                  determinations of compliance that they plan to do  
12                  this just like they did it in the Victorville  
13                  Project.

14                 The difference is they're not going to  
15                 do it pursuant to a road paving rule.

16                 PRESIDING COMMISSIONER BYRON: And does  
17                 the staff agree that there's no need on the part  
18                 of the Antelope Valley Air Quality Management  
19                 District to develop a rule?

20                 MS. HOLMES: There apparently does not  
21                 need to be, there apparently is not a need for  
22                 them to develop a rule however there is a rule  
23                 that requires them when they are using ERCs for  
24                 mobile or area or indirect sources to obtain the  
25                 approval of the Air Resources Board and the US EPA



1 for the calculation formula that they use.

2 And we have no information that that  
3 process has begun much less been completed.

4 So we have, in fact, the only letter  
5 that we have received, the formal correspondence  
6 that we have received from EPA, indicates perhaps  
7 not specifically with respect to this issue but  
8 that there are, that the EPA was quite concerned  
9 about deficiencies in the preliminary  
10 determination of compliance.

11 HEARING OFFICER KRAMER: Okay, I guess  
12 we can move on to the next topic.

13 MS. HOLMES: We could keep the  
14 alphabetical formula and go to biology.

15 MR. CARROLL: I'm sorry, before we move  
16 off from air quality. I guess with respect to the  
17 VOC and the NOx offsets, I'm hearing that ideally  
18 staff would like to have us have those under  
19 contract now.

20 But I guess what I'm not hearing is is  
21 there something short of that, something short of  
22 the ideal from the staff's perspective that would  
23 allow you to be comfortable in moving forward with  
24 the PSA.

25 MS. HOLMES: Staff has in the past for

1 purposes of a PSA, as I believe you may be  
2 familiar with, relied on confidential information  
3 that the applicant has provided regarding  
4 negotiations for specific offset sources.

5 So that gives us some assurance that  
6 there are some negotiations going on, the quantity  
7 of offsets that the applicant is seeking, the  
8 level of interest that the owners of the banked  
9 ERCs have in potentially selling the ERCs to the  
10 applicant.

11 It's not ideal but it certainly is much  
12 better than what we have right now.

13 MR. CARROLL: And with respect to the  
14 road paving, is the only deficiency in terms of,  
15 again moving forward to a PSA, the average daily  
16 trip data for the road segments that have been  
17 identified?

18 MS. HOLMES: No, I think we would also  
19 like to see some indication from EPA and CARB  
20 initially that this type of approach is  
21 acceptable.

22 And the type of calculation that the  
23 district is proposing to pursue looks reasonable  
24 to them.

25 It doesn't have to be a final

1       determination but we need some indication that, if  
2       you will, the process is in the ballpark of being  
3       what they're going to be looking at ultimately as  
4       acceptable.

5               MR. CARROLL:  And you don't believe that  
6       the fact that they signed off on the exact same  
7       proposal in the Victorville Project in a federal  
8       PM-10 non-attainment area is an indication that  
9       the two agencies think this is an acceptable  
10      approach?

11             MS. HOLMES:  If it's that easy it  
12      shouldn't be very difficult to get a letter.

13             MR. CARROLL:  Well, but it may be  
14      because it's not, it's a federal attainment area.  
15      EPA is going to say, we're not going to render any  
16      opinion because, frankly, we don't care.

17             MS. HOLMES:  That's unfortunate because  
18      that is a requirement of the district rule that  
19      the EPA provide its approval.

20             MR. CARROLL:  So you're looking for some  
21      indication from those two agencies that  
22      conceptually use of road paving credits would be  
23      acceptable under these circumstances, is that  
24      fair?

25             MS. HOLMES:  And that the specific

1 calculation methodology looks reasonable. As I  
2 said I'm not looking for a final blessing.

3 I think that if you haven't begun those  
4 negotiations or discussions yet it may take, it  
5 may take some time so to get a final --

6 MR. CARROLL: Well I think they --

7 MS. HOLMES: -- final approval from  
8 them.

9 MR. CARROLL: Well I think they've  
10 commenced because obviously when the air district  
11 issued its determination of compliance in the  
12 first one in February and then a revised version  
13 to respond to the EPA comments in July, I'm sorry,  
14 in --

15 MS. HOLMES: March.

16 MR. CARROLL: -- March, you know,  
17 obviously it talked about using road pavings.

18 So the consultation or the discussion  
19 has commenced because it's been teed up to both  
20 agencies through the determinations of the  
21 compliance.

22 And I see Mr. Heaston at the table so.

23 MR. HEASTON: I am Eldon Heaston the Air  
24 Pollution Control Officer, Antelope Valley AQMD.

25 The only comment I would have to make is

1       that the methodology for both road paving is the  
2       one that EPA approved for Maricopa County and  
3       insisted that the district use in Victorville.

4               And so that's an approved procedure and  
5       we're not changing that. So I don't, I can't  
6       understand why they would change the protocol if  
7       it's okay in Maricopa County versus in Victorville  
8       and there's not any significant difference to what  
9       the application of the rule to be used in a  
10      similar way in the Palmdale area.

11              So in my mind there shouldn't be an  
12      issue as to approvability of that methodology  
13      because that's the one they told us we had to use.

14              And I've never seen any reason to  
15      believe that they're going to change that  
16      position.

17              PRESIDING COMMISSIONER BYRON: Thank  
18      you.

19              HEARING OFFICER KRAMER: Does that cover  
20      that issue? Okay, move on to biology.

21              Before you do that I see that our Public  
22      Advisor is in the audience. Did you want to say  
23      anything Elena?

24              MS. MILLER: No, nothing to add. I'm  
25      just a witness here today, not in legal terms.

1                   HEARING OFFICER KRAMER:   Okay  
2                   (laughter).   And I think given this group we won't  
3                   worry about filling out blue cards to speak.

4                   So go ahead with biology Ms. Holmes.

5                   MS. HOLMES:   Thank you.   I think there  
6                   are two issues that we're particularly concerned  
7                   about with biology.

8                   One has to do with the need to notify  
9                   the Department of Fish and Game about potential  
10                  streambed impacts.

11                  I know that there has been some  
12                  discussion and that the applicant has questioned  
13                  the need to do that.

14                  I think that what I have heard and I  
15                  know that there's a representative of the  
16                  Department of Fish and Game on the phone so she  
17                  can correct me if I'm wrong or add additional  
18                  detail.

19                  My understanding is that the process  
20                  that we used in the Victorville case where we  
21                  waited until the very end to do this is not  
22                  something that CDFG would like to repeat.   So we  
23                  would like to see that notification be made.   And  
24                  we would like to see some preliminary indication  
25                  from CDFG if the notification is complete and what

1       their initial reaction to it is.

2               My understanding that the applicant is,  
3       in fact, proposing to initiate the notification  
4       process soon. And if that's the case it would  
5       simply be a matter of getting information back  
6       from CDFG as to whether they had enough  
7       information in the notification to give us a  
8       preliminary reading.

9               So hopefully this doesn't need to be a  
10      major concern.

11              The second issue is of greater concern.  
12      It has to with the sufficiency of the mitigation  
13      proposal that the applicant has made for some of  
14      the project impacts.

15              There seems to be a bit of a chicken and  
16      an egg issue with the applicant wanting to know  
17      what a ratio is and the Department of Fish and  
18      Game needing to know what lands are being proposed  
19      so that they can determine what type of ratio is  
20      appropriate for the land that's been proposed.

21              The applicant provided a letter. We got  
22      60 something pages yesterday. And, frankly, the  
23      letter increased my concern about the fact that  
24      this issue hasn't been resolved yet.

25              CDFG has asked for additional

1 description of the measures that are included in  
2 the mitigation package including how certain  
3 dollar amounts were derived and how certain lands  
4 would be selected.

5 And the response is simply a reiteration  
6 of the proposal itself and not an explanation.

7 So we would like to see the additional  
8 details that CDFG believes that they need in order  
9 to get going on the process of assessing the  
10 sufficiency of the mitigation package as well as  
11 they said the notification regarding the  
12 streambed, potential for streambed impacts.

13 I think at this point I won't say  
14 anymore and simply ask that the Committee ask the  
15 CDFG representative if she has additional  
16 information to add.

17 HEARING OFFICER KRAMER: Ms. Wilson did  
18 you hear all that?

19 MS. WILSON: I was able to hear most of  
20 it.

21 HEARING OFFICER KRAMER: Did you have  
22 anything to add?

23 MS. WILSON: I guess I just wanted to  
24 say that I know how things worked in Victorville  
25 and when we were permitting Victorville it was our



1 understanding that the applicants weren't supposed  
2 to submit for CDFG-type permits.

3 And I think that has changed since then.  
4 And we've been directed in lieu of an MOU to  
5 follow DFG standards and protocols and that's why  
6 the situation kind of changed from Victorville in  
7 this project.

8 MS. HOLMES: I can provide additional  
9 information if that's not clear.

10 HEARING OFFICER KRAMER: Yeah, I'm not  
11 sure what that meant.

12 MS. HOLMES: In the past what --

13 MS. WILSON: I think when Victorville  
14 was being permitted they weren't asked to submit a  
15 notification for streambed impacts because at that  
16 time it wasn't under, it was in our understanding  
17 that they needed to apply for the department  
18 permit because it was under the CEC process.

19 But because the MOU of the CEC hasn't  
20 been signed we've been directed to follow the DFG  
21 protocols for permits. Is that more clear?

22 HEARING OFFICER KRAMER: Well, okay, I  
23 guess in terms I would use, are you saying then  
24 that the Commission decision will not also serve  
25 the function of the department permit or it will?

1 MS. HOLMES: We're saying that it will.

2 In the past, however, what we had done was simply  
3 folded all of this into the CEC process.

4 It hasn't worked very well in terms of  
5 the agencies getting the information that they  
6 need at the time that they need it.

7 And so until we complete a formal MOU  
8 process which is underway between the Energy  
9 Commission and the Department the Department is  
10 asking applicants to file applications as though  
11 the Department were going to enter into the  
12 agreement or grant the incidental take permit.

13 So that that insures that they have the  
14 information that they need to fully participate in  
15 our process in a timely manner.

16 So unlike in Victorville 2 where there  
17 was not early on notification of a potential for a  
18 streambed impact, in this case CDFG is saying, we  
19 need to have that notification now so that we can  
20 reach our conclusions in a timely manner.

21 It may be that when we complete the MOU  
22 process that we won't need to do that but that's  
23 the way the process is working now.

24 And it isn't just this case. It is  
25 other cases since Victorville 2.

1                   MS. WILSON: I also understand that  
2       Victorville was a little bit different in the  
3       project impacts and that there truly wasn't  
4       impacts to, direct impact to drainages where in  
5       this situation I'm not that sure that that's the  
6       case.

7                   MR. CARROLL: Exactly, and that's why  
8       this whole discussion is bordering on the absurd  
9       because we very meticulously designed the project  
10      to avoid any impacts to waters of the state.

11                  So we, in fact, do not need a streambed  
12      alteration permit whether it's issued by Fish and  
13      Game or the CEC or pursuant to an MOU or any other  
14      way.

15                  And so the problem as I understand it  
16      and I'll ask Kim McCormick who is our ESA expert  
17      to correct me if I'm wrong on this or to amplify  
18      it is that the CEC would like Fish and Game to  
19      confirm that we don't need a streambed alteration  
20      agreement.

21                  However, there's really no mechanism for  
22      doing that. So the mechanism that has been  
23      proposed is that we would submit an application in  
24      a sense as though we did need a streambed  
25      alteration agreement but we would say, no, no, no

1 to all of the boxes that you would typically,  
2 where you would typically explain why you needed a  
3 streambed alteration permit.

4 And we're I guess, we're willing to go  
5 through those motions. We think it's a little  
6 absurd because as I said we took great pains to  
7 design the project in a way to avoid the waters of  
8 the state so that we wouldn't have to deal with  
9 this issue.

10 But the fact of the matter is, you know,  
11 if we haven't submitted the application, you know,  
12 we're about to. It's a very short application.

13 And if that's sort of the way that this  
14 issue needs to be resolved we're happy to do that.

15 And Kim I --

16 MS. WILSON: When we talked on Monday it  
17 was my opinion that I couldn't make that decision  
18 based on all the crossings that you had in the  
19 transmission lines and based on the information I  
20 had.

21 So it wasn't exactly 100 percent clear  
22 that you didn't need a permit as if there weren't  
23 going to be impacts for the drainages.

24 MR. CARROLL: Okay, well then I think  
25 that's a function of needing to review the

1 information that's been previously submitted  
2 because we're not, we've already submitted all of  
3 the fly overs, all of the photographs, all of the  
4 maps and we're not planning to submit any new  
5 information because there isn't any new  
6 information with the application.

7 So we think that you've got the  
8 information in front of you and have had it in  
9 front of you for some time to make that  
10 determination.

11 So I think it's largely a function of  
12 needing to review that information as opposed to  
13 having a form application.

14 Kim is there anything that you want to  
15 add on that issue?

16 MS. McCORMICK: No, that is a good  
17 summary of where I believe we are. We had  
18 provided all of the information that Mike just  
19 described in a submission in April to CDFG.

20 We had a very productive call last week  
21 although it was a little frustrating because we  
22 are being asked to file a notification for a  
23 permit that we don't believe we need and not a  
24 criteria that triggered by a notification are  
25 present based on the information that we have,

1       that we have submitted to CDFG.

2               It feels a little bit like we're going  
3       through a process simply to check a box where the  
4       process doesn't really apply.

5               Nonetheless we're more than happy to  
6       fill out the form and file it if that will result  
7       in a determination by CDFG which is what CEC is  
8       looking for.

9               But as Mike said, we don't have any  
10       additional information. We have provided  
11       everything we have already in that April filing.

12              I think we might have some additional  
13       pictures that we shot from different angles and  
14       perhaps a drawing or two of engineering techniques  
15       that will be used.

16              But outside of that there isn't anything  
17       new to provide.

18              MS. WILSON: Well and the pictures were  
19       what also brought some concerns to my mind because  
20       my understanding that some of the drainages  
21       actually follow the road.

22              And there would be some conditions that  
23       we would want to put on construction if your road  
24       actually has a drainage going through it.

25              MS. McCORMICK: And we're more than

1 happy to go through those. We're pretty familiar  
2 with a lot of those, we would call it project  
3 design features.

4 They're intended to avoid any impact  
5 such as the ones we're discussing now.

6 MS. WILSON: Sure.

7 MS. McCORMICK: So we anticipate that  
8 there will be construction requirements that we  
9 have to follow to make sure we don't impact any of  
10 those drainages.

11 MS. WILSON: Which is why I agreed to go  
12 out into the field on the 29th to look at the site  
13 and --

14 MS. McCORMICK: And I think that will be  
15 very helpful.

16 MR. CARROLL: So to close that out, you  
17 know, notwithstanding our frustration I think is  
18 as Ms. McCormick said if filing this form is what  
19 it takes to get us over this hump we're willing to  
20 do that.

21 And it sounds like that's the consensus.  
22 Is that correct?

23 MS. WILSON: Yes.

24 MS. HOLMES: Yes.

25 MR. CARROLL: Okay, then we'll file the

1 form. With respect to the mitigation lands I  
2 think underlying that issue is a fundamental  
3 disagreement with the CEC staff and the Fish and  
4 Game staff over what the appropriate mitigation  
5 ratio is.

6 And again, there are sort of echoes of  
7 Victorville here.

8 Our view and what we proposed in the  
9 application was that the ratio would be one to  
10 one. So for every acre of land taken out or  
11 disturbed by the project we would provide one acre  
12 of suitable compensation lands.

13 The Fish and Game staff and the CEC  
14 staff, I believe, think that the ratio should be  
15 two to one.

16 And so I think that there is a, and I  
17 see shaking of heads, they can clarify if I'm  
18 wrong on that.

19 But whatever they think it is that it  
20 should be greater than one to one I believe.

21 So we have a fundamental disagreement  
22 over what the ratio should be. But if that's the  
23 case that's the case.

24 That may be ultimately an issue that the  
25 Commission needs to decide. I mean we got very



1 close to that in Victorville.

2 The compensation ratio wasn't resolved  
3 until the very end and it almost became an issue  
4 that was put up in front of the Commission.

5 But I don't think that a fundamental  
6 disagreement over an issue such as that is a basis  
7 for not issuing the Preliminary Staff Assessment.

8 And, frankly, it troubles me a little  
9 bit because it feels like the failure to issue the  
10 PSA is kind of an attempt to leverage us to maybe  
11 concede on a substantive issue.

12 And so our view is that if we have a  
13 fundamental disagreement on a substantive issue  
14 the staff should lay out what it thinks the ratio  
15 should be and why it thinks it should be that.

16 And when we respond to the PSA we'll lay  
17 out what we think it should be and our support for  
18 our proposal.

19 And so, again, we don't see this as a  
20 basis for delaying the staff analysis. We think  
21 it's an issue that just needs to be worked through  
22 and maybe ultimately decided by the Commission.

23 And I see a lot of scrunched brows so I  
24 feel like I said something wrong there in terms of  
25 where the staff is. So I'll shut up and let

1       you --

2                   MS. HOLMES: I'm going to let our  
3 biologist speak but first of all I want to say I  
4 don't think it's just about the ratio.

5                   I think it's about the entire package  
6 and it's about whether we have enough detail to  
7 determine what the final mitigation package should  
8 look like.

9                   And as the attorney on Victorville 2 I  
10 can tell you that we don't want to do what we did  
11 in Victorville 2 which was to issue a PSA on  
12 biology that only had very general language in it.

13                   And it ended up in a lot of last minute  
14 scrambling, a lot of negotiations and discussions  
15 at the very end of the process that I believe as I  
16 stated before hamper public participation, public  
17 review.

18                   I prefer to have that level of detail  
19 provided in a PSA rather than just have the PSA be  
20 something along the lines of, we're going to work  
21 out the mitigation package later.

22                   I think it's better to have it in the  
23 PSA so that people have a chance to weigh in on  
24 it.

25                   Having said that I going to let Misa

1       Ward who's the staff biologist talk in a little  
2       bit more detail about what the deficiencies of the  
3       package are.

4               MS. MILLIRON:  It's Misa Milliron

5               MS. HOLMES:  I'm sorry.

6               MS. MILLER:  It's M-I-L-L-I-R-O-N.  It's  
7       okay, a name change.  Well I can't speak for Fish  
8       and Game and maybe Erinn can speak after I'm done.

9               MS. WILSON:  And Misa could you speak up  
10       a little bit?

11              MS. MILLIRON:  Sure.

12              HEARING OFFICER KRAMER:  Let me see here  
13       if we've got all the mics spread out.

14              MS. HOLMES:  I don't know if this one is  
15       on.

16              HEARING OFFICER KRAMER:  We're not using  
17       those.

18              MS. HOLMES:  I'm not using those.

19              HEARING OFFICER KRAMER:  Although you  
20       know those might actually help the phone people.

21              MS. HOLMES:  The phone, that's what I  
22       was wondering.

23              HEARING OFFICER KRAMER:  Let's start  
24       using -- that's going to overwhelm, let me pull  
25       this mic, sorry about that.

1                   Okay, so start using the microphones and  
2       maybe that'll work better for the phone.

3                   MS. MILLIRON:   Erinn can you hear me?

4                   HEARING OFFICER KRAMER:   You have to  
5       press the button.

6                   MS. HOLMES:   Which one?

7                   HEARING OFFICER KRAMER:   The green one.

8                   MS. HOLMES:   The big one.

9                   HEARING OFFICER KRAMER:   Okay.

10                  MS. MILLIRON:   How about now?

11                  MS. WILSON:   That's much better.

12                  MS. MILLIRON:   Okay, well as I mentioned  
13       I'm not going to speak for the Department of Fish  
14       and Game but I haven't made any conclusions on a  
15       number ratio.   And I haven't put that into the  
16       record anywhere.

17                  I'm still analyzing, I'm in the same  
18       place as where Erinn is in that we need more  
19       detail in what the conceptual mitigation package  
20       would consist on, consist of and can provide more  
21       detail of what the information that they'd  
22       typically be looking for.

23                  I think Caryn alluded to earlier that  
24       there were some questions that were asked in a  
25       data request about how the various estimates for

1 the professional care of the land were arrived at  
2 and the question of what the management plan for  
3 the long term maintenance of the land would be,  
4 so, and project assurances.

5 So, I, you know, as far as I'm concerned  
6 I haven't stated any conclusions in terms of a  
7 ratio and or agreement or disagreement at this  
8 point.

9 HEARING OFFICER KRAMER: Ms. Wilson, go  
10 ahead.

11 MS. WILSON: Okay. So I guess in this  
12 situation as well I was given the individual take  
13 permit for CESA application and I was told to look  
14 at it just as you would for a CESA application  
15 that the Department would issue.

16 And so with that the Department doesn't  
17 typically issue ITPs without mitigation identified  
18 it's impossible as a biologist that you meet the  
19 standards of CESA that says it's fully mitigated  
20 if you don't know what land you're purchasing for  
21 the offset of that impact.

22 So that's where I'm struggling with  
23 that. I understand that Victorville you came to a  
24 ratio before you guys purchased the land or  
25 identified land to purchase but for me I'm really

1 struggling with that.

2 And I'm being told by my management that  
3 that's not the way we're supposed to do it.

4 So therefore I'm asking, I'm trying, my  
5 request is that you identify the properties that  
6 you're willing to purchase or we have to go to a  
7 higher ratio because at one to one there's no  
8 assurances for me that you're going to offset the  
9 impacts and fully mitigate them.

10 MR. CARROLL: I guess in response what I  
11 would say is, you know, let's keep in mind at what  
12 stage of the process we're at. We're not talking  
13 about issuing any take authorization at this  
14 point. We're talking about the Preliminary Staff  
15 Assessment.

16 So we're much earlier in the process  
17 than issuing a take authorization. I'm sure  
18 everyone can appreciate the -- (music over phone  
19 lines started playing)

20 MS. HOLMES: Somebody --

21 HEARING OFFICER KRAMER: Oh.

22 PRESIDING COMMISSIONER BYRON: Somebody  
23 has got us hold.

24 HEARING OFFICER KRAMER: Uh-hum.

25 MS. HOLMES: You didn't put that warning

1 in the beginning Hearing Officer Kramer  
2 (laughter).

3 HEARING OFFICER KRAMER: Yeah, I guess,  
4 can we go off the record for a minute.

5 ( Off the record )

6 HEARING OFFICER KRAMER: So where were  
7 we?

8 MR. CARROLL: I was just responding to  
9 the issues that CEC and Fish and Game staff  
10 raised. In terms of our ability to identify the  
11 specific lands that we're going to acquire without  
12 knowing what the ratio is that's difficult.

13 Are we looking for 300 acres of  
14 mitigation land or are we looking for 600 acres or  
15 900 acres?

16 So as was said at the outset by Ms.  
17 Holmes there is a bit of a chicken and egg problem  
18 here in terms of our ability to go out and find  
19 suitable parcels of land when we don't know how  
20 big a parcel of land we need.

21 But having said that, you know,  
22 conceptually I think we have a pretty good idea  
23 what this land is going to look like. It's going  
24 to be land in the desert that's suitable habitat  
25 for Mojave Ground Squirrel and Joshua Trees.

1                   And in terms of how that land is going  
2           to be managed and everything else I think we have  
3           a pretty good idea of that as well. This isn't  
4           the first time that we're putting compensation  
5           lands aside and I think that the mechanism for  
6           doing that and for providing for the future  
7           maintenance and conservation of that land is all  
8           very well understood.

9                   So I guess I'm struggling, you know,  
10          when the staff says, we need to, at least at a  
11          conceptual level, better understand the  
12          mitigation, you know, I think at a conceptual  
13          level the mitigation is fairly well understood and  
14          very similar to mitigation that has been provided  
15          in many other projects.

16                  MS. MCCORMICK: This is Kim McCormick, I  
17          just want to add to that. And first of all I want  
18          to apologize to the Commission and to CDFG if we  
19          were not responsive to the comment in the CDFG  
20          letter because, quite frankly, I didn't understand  
21          that you were asking us to provide to you the  
22          criteria that, quite frankly, CEC always includes  
23          in their PSAs for selecting compensation land.

24                  There's a list of eight, I think.  
25          They're pretty basic and pretty standard criteria



1       that are always required for acquiring  
2       compensation land for impact-sensitive species.

3               They were most recently in the PSA that  
4       the Commission filed for the Deacon Energy Project  
5       and they have been in several other projects as  
6       well so we did not repeat those in our response  
7       back to you. But that is typically how we assure  
8       the agencies that we are able to provide adequate  
9       compensation land by committing to those criteria.

10              They include that the land is going to  
11       be in the vicinity of the project and has to  
12       provide moderate to good quality habitat for the  
13       species that are impacted, has to be a contiguous  
14       block of land adjacent to or in close proximity to  
15       other blocks of land.

16              And there's four other criteria. I  
17       don't want to take up the Committee's time in  
18       going through those. But we certainly anticipated  
19       those would be included in the PSA and they're  
20       perfectly agreeable to us.

21              It is impossible, quite frankly, to  
22       identify compensation land without knowing how  
23       much we're looking for. You can't do it because  
24       you don't know whether you're looking for 100  
25       acres, 200 acres, 500 acres. And that directly

1 drives where you're going to look and the quality  
2 of the land you're that looking at.

3 MR. CARROLL: And we wouldn't be in a  
4 position to acquire that land at this stage of the  
5 proceedings anyway.

6 So I think all we can do is what I  
7 believe we have historically done, which is,  
8 identify the criteria that the compensation lands  
9 to meet and impose a condition of certification  
10 requiring that those compensation lands be  
11 acquired by a specified point in time.

12 And I think we have a very good  
13 understanding of what that's all about. I mean  
14 this is not something unique in terms of providing  
15 biological mitigation in this fashion.

16 MS. HOLMES: Perhaps it would be  
17 possible to consider providing a range of options  
18 with more specificity than you have right now.

19 MR. CARROLL: A range of options --

20 MS. McCORMICK: Well we can certainly  
21 provide you these criteria that I started to spell  
22 out. Those criteria will drive where the lands  
23 are located and the quality of the lands that  
24 would be suitable as compensation.

25 MR. CARROLL: Do you mean a list of

1 specific parcels?

2 MS. HOLMES: That might help.

3 MS. MILLIRON: Erinn would that --

4 HEARING OFFICER KRAMER: Press your  
5 green button again. After a while your mic goes  
6 off.

7 MS. MILLIRON: Erinn would that be  
8 helpful to you?

9 MS. WILSON: It would be helpful at  
10 least to know where the property is supposed to be  
11 or where it could be or, you know, what's the  
12 habitat.

13 I mean it's not uncommon that some of  
14 the places that have been acquired for Mojave  
15 Ground Squirrels have actually been more Desert  
16 Tortoise habitat.

17 So that's what we're kind of looking at  
18 is making sure that the habitat that's acquired is  
19 actually Mojave Ground Squirrel habitat.

20 And I don't have those assurances.

21 MR. CARROLL: Well I guess I disagree --

22 MS. McCORMICK: Our agreement to the  
23 criteria will provide that assurance because if  
24 the land is not Mojave Ground Squirrel habitat it  
25 won't be suitable for compensation.

1                   And, quite frankly, part of the  
2                   condition will be that CDFG and CEC have to  
3                   approve each parcel that will be acquired.

4                   MS. WILSON: And typically, all the  
5                   permits that I've worked on is that the applicant  
6                   will provide a mitigation package for us and say,  
7                   you know, basically does this meet your standard?

8                   And, you know, that's when we answer the  
9                   question, yes it's fully mitigated or not.

10                  It's never been, there's a parcel  
11                  somewhere out here that we're going to acquire at  
12                  this ratio and, you know, and have to say that  
13                  that's suitable.

14                  MS. McCORMICK: We agree with you, the  
15                  process we spelled out in our response to the  
16                  comment letter describes the process that you have  
17                  just mentioned.

18                  I think it's just the timing is a little  
19                  bit different because I've done many, many, many  
20                  2081 permits and we've never prior to issuance of  
21                  the permit had to provide the specific parcels  
22                  that are going to be acquired.

23                  We have always identified the criteria  
24                  that would be used and then the acquisition takes  
25                  place within some time frame following issuance of

1 the incidental take permit.

2 MR. CARROLL: And I think there is a  
3 real business concern associated with identifying  
4 the specific parcel.

5 That would give the owner of that parcel  
6 a fair amount of leverage over us when it came  
7 time to make the acquisition.

8 So I think there's some real practical  
9 concerns associated with being able to identify  
10 specific parcels at this time.

11 MS. WILSON: But I do have applicants  
12 who are identifying proposed --

13 PRESIDING COMMISSIONER BYRON: Excuse me  
14 on the phone, could you please identify yourself  
15 when you begin speaking.

16 MS. WILSON: I'm sorry, it's Erinn from  
17 Fish and Game. We do have applicants who are  
18 identifying mitigation parcels prior to permitting  
19 a project.

20 MS. HOLMES: And I think for purposes of  
21 a Preliminary Staff Assessment we don't have a  
22 problem with that information coming in under a  
23 request for confidentiality.

24 It's not going to be litigated. There's  
25 no reason to make it public. But it provides us

1 with the assurance that you're making progress and  
2 identifying the appropriate mitigation package  
3 that's going to make ultimately the Commission  
4 staff and CDFG happy.

5 Obviously it does have to become public  
6 information, we have to have some public  
7 information on the record that you're, again, that  
8 you're close to having a package that's going to  
9 be acceptable for purposes of the FSA.

10 But I don't think for the PSA that that  
11 information needs to, necessarily, be public.

12 So as with air quality offsets I think  
13 it would be an acceptable approach to proceed with  
14 an application for confidential designation for  
15 information about potential sources or  
16 negotiations.

17 We've certainly done that in the air  
18 quality realm a number of times for the PSA.

19 MR. CARROLL: Let me paraphrase what I  
20 think I just heard. So for purposes of the PSA  
21 what you would like to see are a range of lands  
22 that in our view would be suitable as compensation  
23 lands.

24 MS. HOLMES: Yes.

25 MR. CARROLL: And we could file that,

1       that would be filed confidentially.

2               MS. HOLMES:   Yes.

3               MR. CARROLL:   Okay.   Let us discuss  
4       that.   I mean I think that that may be something  
5       that we can accomplish because I think we all, I  
6       mean there are certain areas that you go to where  
7       you're looking for contiguous land to, previously  
8       set aside land, and so I think it probably  
9       wouldn't be all that difficult to identify those.

10              MR. BARNETT:   I'm a little concerned  
11       about how much though we have to give you in  
12       these --

13              MR. CARROLL:   Well, there's still that.

14              MR. BARNETT:   I mean can we pick some  
15       happy medium.   I mean, what's the, we give you 150  
16       acres, we give you 300, what's the range of the  
17       possible parcel quantity we've got to give you?

18              MR. CARROLL:   Well we'll identify a  
19       range of lands and we'll say, you know, some of  
20       these depending on the ratios, some of these may  
21       not work.

22              Because if the ratio ends up being too  
23       high then some of these parcels may be too small.

24              MS. McCORMICK:   This is Kim McCormick.  
25       I just want to make sure that I understand what's

1       being proposed.

2               I think it's very doable for us to file  
3       a map that depicts boundaries of area that we  
4       believe would be suitable Mojave Ground Squirrel  
5       compensation lands.

6               I don't think it's feasible for us to  
7       identify parcels. And I think everyone else would  
8       understand we're not going to be able to go out  
9       there and walk all these lands to determine  
10      whether they meet all eight of the criteria that  
11      ultimately have to be met to for compensation  
12      lands.

13              That's very time intensive. It requires  
14      property owner permission. It's something you  
15      would do prior to making an offer to purchase the  
16      property once CDFG has approved it.

17              But I think it's very doable for us to  
18      take a habitat map and identify areas of vacant  
19      lands that meet the criteria in terms of habitat  
20      suitability. Would that be sufficient?

21              MS. HOLMES: I think that sounds as  
22      though it's sufficient for the staff. I'd like to  
23      hear from Erinn Wilson though as well on this  
24      issue.

25              MS. WILSON: I think that would be



1       really helpful.

2               MR. CARROLL:   Okay.

3               MS. WILSON:   I have no comment on  
4       whether that would be adequate for the report but  
5       for me it would be very helpful.

6               MR. CARROLL:   Okay, thank you for  
7       clarifying that.

8               HEARING OFFICER KRAMER:   Okay, shall we  
9       move on the next topic?

10              MS. HOLMES:   Certainly.   Soil and water.  
11       This is a topic area on which the staff has made a  
12       great deal of progress by going outside of the  
13       data responses that were provided and contacting a  
14       number of public entities ourselves.

15              But at this point there is still some  
16       additional information that's missing.

17              Some of the work that staff has done in  
18       the past month or so has raised some new questions  
19       and I'd like to put them on the table for the  
20       applicant to consider.

21              I believe that they will be easy to  
22       respond to.   But I want to make sure that they're  
23       on the record.

24              We understand that there was funding  
25       provided for the Palmdale Plant upgrades recently.

1 We would like to know whether or not that affects  
2 the schedule that was provided to us in terms of  
3 when the project is going to be complete. I  
4 believe it was in 2011 in the middle of the year.

5 We also need to have an understanding of  
6 the relationship between the upgrades at the  
7 Palmdale Plant, the Lancaster Plant and the  
8 pipeline.

9 As a result of the questions that staff  
10 has been asking it seems that it's likely that the  
11 two plants, if you will, are going to be  
12 dispatched together so that there's a single  
13 entity purchasing the reclaimed water from both of  
14 them.

15 And they are going to, that entity is  
16 then going to become a distributor and selling the  
17 water to not just this project but presumably  
18 other projects.

19 So we need to have an understanding of  
20 whether or not the three upgrades or the two  
21 upgrades and the pipeline that are part of that  
22 are still on the schedule that was listed.

23 Whether there is additional funding  
24 that's needed. We don't know if there's  
25 additional funding needed for the pipeline or for

1 the Lancaster upgrade.

2 So that's one sort of set of issues. Is  
3 this process going to be completed and are there  
4 stumbling blocks. And what's the time frame?

5 Secondly we're --

6 MR. CARROLL: I'm sorry, can I  
7 interrupt?

8 MS. HOLMES: Go ahead, yeah.

9 MR. CARROLL: Before you go on to the  
10 second set of issues since we have the benefit of  
11 Steve Williams, City Manager here who I think is  
12 closer than anyone else in the room to these  
13 issues I'd like to ask him to respond to the first  
14 set of issues.

15 HEARING OFFICER KRAMER: Could you use  
16 the mic.

17 MR. WILLIAMS: Sure, the green button?

18 HEARING OFFICER KRAMER: Yeah.

19 MR. WILLIAMS: Yeah, I'd be glad to  
20 respond to those. First of all the Lancaster  
21 Plant is under construction right now. I mean,  
22 literally, it's under construction.

23 So what financing you're talking about  
24 I'm not sure what you mean. So may be I could ask  
25 you to clarify that.

1                   Second of all the Palmdale Plant will be  
2                   under construction, well actually, it is beginning  
3                   construction right now.

4                   And all the funding is in place through  
5                   the Sanitation District of Los Angeles County.

6                   MS. HOLMES: Uh-hum.

7                   MR. WILLIAMS: The inter-connecting  
8                   pipeline that will be used to convey the reclaimed  
9                   water to, you know, the various uses, the power  
10                  plant being one of those will be done by the LA  
11                  County Waterworks District.

12                 And we have two letters from Waterworks  
13                 District. One is several years old and then we  
14                 have a new one that's I think within the last, you  
15                 know, six months or a year or so, you know, making  
16                 sure that that was refreshed.

17                 They are taking responsibility for  
18                 providing the reclaimed water to the power plant.

19                 And so that is what we are relying on.

20                 And the financing for, you know, the  
21                 pipeline is coming from the Waterworks District.

22                 And I'd also like to add, if I may, to  
23                 because the commission that Mayor Ledford here  
24                 sitting to my left is the chairman of the  
25                 Sanitation District over the Palmdale and also

1 chairman of the Sanitation District over the  
2 Lancaster Plant.

3 There are actually two separate  
4 districts within the sanitation districts of Los  
5 Angeles. One in Palmdale and one in Lancaster and  
6 partially in Palmdale, that second one.

7 So, you know, if we need the mayor or  
8 the chairman, if you will, to chime in on this I'm  
9 sure he'd be glad to do that.

10 MS. HOLMES: Well, again what we're  
11 looking for is assurances that the infrastructure  
12 that's required to serve this project is, in fact,  
13 going to be in place at the time that the project  
14 is --

15 MR. WILLIAMS: Okay, so a letter from  
16 the sanitation districts might suffice that?

17 MAYOR LEDFORD: County waterworks maybe?

18 MS. HOLMES: I think that specifically  
19 with respect to the pipeline it sounds as though  
20 County waterworks would be the appropriate entity  
21 for us to hear from.

22 We'd need to know whether or not there's  
23 funding available.

24 MR. WILLIAMS: Okay.

25 MS. HOLMES: And what the schedule would

1 be.

2 MR. WILLIAMS: Okay.

3 MR. DENNIS: Can I add something?

4 MS. HOLMES: Christopher Dennis is the  
5 technical staff.

6 MR. DENNIS: Correct me if I'm wrong but  
7 it was my understanding that part of your  
8 agreement with the waterworks is that you're going  
9 to supply funding to the waterworks for the  
10 pipeline construction who is then going to supply  
11 funding to the Sanitation District for  
12 construction of the pipeline.

13 MR. WILLIAMS: Well I think you're  
14 almost right.

15 MR. DENNIS: Okay.

16 MR. WILLIAMS: The power plant project  
17 will provide funding for the part of the pipeline  
18 that is necessary to get to the power plant, okay.

19 MR. DENNIS: Okay.

20 MR. WILLIAMS: And LA County will  
21 provide the funding for the remainder of the  
22 backbone.

23 Now when I say LA County that involves  
24 cooperation from some others because we're all  
25 working on this together. When I say all of us

1       that's all of the public agencies in the Antelope  
2       Valley.

3               The Sanitation Districts, really, at  
4       this point are not involved in the pipeline part.  
5       They are only involved in constructing the  
6       treatment plants and selling the water to the  
7       purveyor which and in this case, that would be LA  
8       County Waterworks.

9               MS. HOLMES:   And that's, because our  
10      understanding is that LA County Waterworks is  
11      going to purchase this water from these separate  
12      districts and I'm using an energy word, dispatch  
13      it --

14              MR. WILLIAMS:   Right.

15              MS. HOLMES:   -- jointly from these two  
16      facilities.   That leads to the second issue in  
17      addition to ensuring that the infrastructure is in  
18      place and that has to do with how the water is  
19      distributed.

20              What happens if one plant is down.

21              MR. WILLIAMS:   Right.

22              MS. HOLMES:   And another plant is  
23      operating.   We don't believe at this point that we  
24      have a full understanding of all the contractual  
25      arrangements that LA may be entering into and that

1 the Waterworks District may be entering into to  
2 sell the recycled water and where this project  
3 fits within that.

4 MR. WILLIAMS: Let me tell you that  
5 there is an agreement between the Sanitation  
6 Districts and the Waterworks District, LA County.

7 And that agreement is for, and I may be  
8 off by a little bit here, I think it's 13,500 acre  
9 feet per year. And it may be 11,000. I can't  
10 remember off the top of my head.

11 But anyway it's in that neighborhood.  
12 And that agreement is for them to get water from  
13 either plant at any time that they need it or that  
14 it's available.

15 Now the Lancaster Plant is about two  
16 years ahead of time or ahead of the Palmdale Plant  
17 okay.

18 So the plan is that when the Palmdale  
19 Plant is completed the water from that plant will  
20 be used for the power plant.

21 If there is a delay there then the  
22 Waterworks District can rely on water from the  
23 Lancaster Plant until the Palmdale Plant is on  
24 line.

25 Now in terms of redundancy I mean it's



1 almost like the perfect scenario that you can  
2 imagine having two plants available to provide  
3 this water not only for the power plant but other  
4 uses that the Antelope Valley will have for  
5 reclaimed water.

6 I mean they're going to provide a backup  
7 for each other.

8 MR. CARROLL: They are inter-connected.

9 MR. WILLIAMS: They are inter-connected.

10 MS. HOLMES: We understand that.

11 MR. CARROLL: Right.

12 MR. WILLIAMS: So there is a major  
13 backbone pipeline that connects the Lancaster  
14 Plant, you know that, to the Palmdale Plant.

15 MS. HOLMES: So another thing that would  
16 be very helpful and I understand that it is in the  
17 works is the contract between LA County Waterworks  
18 and the project.

19 My understanding is that's close to  
20 approval. We may have misunderstood but --

21 MR. WILLIAMS: Well, again, we have the  
22 letter on file. I mean, we, in fact, we have two  
23 letters from Waterworks that they're going to  
24 provide the water for the project.

25 And so at this point in the permit

1 process I'm mean I'm not sure what more you  
2 need --

3 MS. HOLMES: When is the --

4 MR. WILLIAMS: -- maybe that's a  
5 question --

6 MS. HOLMES: When will there be a  
7 contract?

8 MR. WILLIAMS: Well, there will be a  
9 contract, pardon me --

10 MR. BARNETT: When it's built.

11 MR. WILLIAMS: -- yeah, when the plant  
12 is built. I mean, they've agreed to provide the  
13 water.

14 MS. HOLMES: Typically we have a  
15 contract. We sometimes get them prior to data  
16 adequacy. We typically get them during the  
17 pendency of the proceeding, as Michael knows from  
18 having worked on other projects.

19 MR. BARNETT: It's a will serve letter.  
20 You've got a will serve letter.

21 MR. WILLIAMS: Yeah, we have a will  
22 serve letter.

23 MS. HOLMES: We have a will serve letter  
24 that's not signed by the counter-party. At least  
25 that's what I have in my file.

1                   MR. WILLIAMS: So if I were to sign it  
2                   that would do it?

3                   MS. HOLMES: It was a, (laughter) --

4                   MS. F. MILLER: It wasn't signed by the  
5                   County.

6                   MAYOR LEDFORD: Because the County  
7                   submitted it.

8                   MR. WILLIAMS: We are the applicant.

9                   MS. HOLMES: I don't have, we don't --

10                  MR. WILLIAMS: The City of Palmdale is  
11                  the applicant. We're the builder, you know, of  
12                  the power plant so we are the other party.

13                  MS. HOLMES: Again, what we need is we  
14                  need several things. We need first an assurance  
15                  that the infrastructure is going to be in place.  
16                  I think we've covered that.

17                  MR. WILLIAMS: Right.

18                  MS. HOLMES: Secondly, we need  
19                  assurances from the County that they will be  
20                  selling you this water.

21                  And then thirdly, as I mentioned  
22                  previously, we need an indication of what other  
23                  demands there are on the water from these two  
24                  facilities so we can be sure that there's a  
25                  reliable supply over the life of the project.

1 MR. WILLIAMS: Right.

2 MS. HOLMES: That information is  
3 information --

4 MR. WILLIAMS: Okay.

5 MS. HOLMES: -- we don't have yet. And  
6 let me say that one of the things that I had  
7 discussed as a procedural matter with Mr. Carroll  
8 is that a number of the numbers that have been  
9 provided to us in data responses and the numbers  
10 that we have received from talking with LA County  
11 Waterworks don't match.

12 I don't think we need to resolve that  
13 issue here. I don't think that's something that  
14 the Committee needs to listen to.

15 And I have suggested that we hold a  
16 telephonic workshop sometime in next few weeks--

17 MR. WILLIAMS: Sure.

18 MS. HOLMES: -- to go through the  
19 numbers. So I think we can push that issue aside.

20 MR. WILLIAMS: Okay.

21 MS. HOLMES: But we do need to have  
22 other three items of information.

23 MR. WILLIAMS: If I may because I don't  
24 want to leave this item hanging at this meeting.  
25 I'll be brief.

1                   But it has to do with how much water is  
2           available. And let me indicate to you that first  
3           of all we have studied the potential uses of  
4           reclaimed water in the Antelope Valley  
5           extensively.

6                   We have listed, labelled, studied each  
7           park, each school, each ball field, each landscape  
8           area, medians on and on and on where this water  
9           can be used in the entire Antelope Valley, the  
10          City of Lancaster, the City of Palmdale and the  
11          surrounding unincorporated area okay.

12                  There is, when these two plants are  
13          finished and even right now, I mean, the water is  
14          being generated right now. It's just simply not  
15          being treated to that higher level right now as it  
16          will be when these plants are finished.

17                  There is a tremendous amount more water  
18          available than can be used for all the current re-  
19          uses in the area that I just described as well as  
20          the build out into the spheres of influence, okay.

21                  So much so, okay, I want to make this  
22          point, that the Sanitation Districts for each  
23          plant have bought 5,000 acres for each plant,  
24          correct?

25                  MAYOR LEDFORD: Impound areas for each

1 plant.

2 MR. WILLIAMS: Yeah, so a total of  
3 10,000 acres of land so they will have a place to  
4 dispose of this reclaimed water over and above the  
5 amount that can be used in these two cities until  
6 who knows when, until. It will be absorbed many,  
7 many, many years into the future.

8 So, I know we need to prove that to you.  
9 But I didn't just want to leave that hanging here  
10 for the Commission. So they're wondering, you  
11 know, well, is there enough water?

12 Well, let me tell you from, you know, my  
13 involvement in the study of these things that  
14 that's not even an issue.

15 MS. HOLMES: And we'd love to be able to  
16 conclude that in our --

17 MR. WILLIAMS: Proof.

18 MS. HOLMES: -- our PSA --

19 MR. WILLIAMS: I know you don't believe  
20 me. You want to see some documentation, so.

21 MR. DENNIS: If one of the power plants  
22 happens to go down for any length of time so that  
23 the water available --

24 MS. HOLMES: What wastewater treatment  
25 plant?

1                   MR. DENNIS: Well, yeah, Lancaster or  
2 Palmdale, either one of them, I'm sorry.

3                   What will, is there going to be a  
4 priority, say there's not enough water. Say all  
5 the water is contracted out by Waterworks and who  
6 is a reseller. Is there a priority of contracts  
7 or --

8                   MR. WILLIAMS: Well the thing is, again,  
9 you know, LA County, and I don't want to speak for  
10 them, you want to hear from them on this issue,  
11 but they will have the 13,500 acre feet or  
12 whatever that number is. And they can drop from  
13 that however they want.

14                  So, I guess the question that you have  
15 to ask yourself is how long could the plant be  
16 out? And I'm not really sure about that.

17                  But what is, so, you know, as a  
18 practical person my question is, what is the worst  
19 thing that could happen?

20                  You shut the power plant down until the  
21 water is restored, okay. So I mean, there are  
22 answers to all of these things.

23                  MR. DENNIS: Yes.

24                  MR. WILLIAMS: You shut the plant down.  
25 This is really a super-redundancy. It's

1       unbelievable that you'd have the redundancy of two  
2       treatment plants inter-connected this way.

3               I mean that's why I said it's really  
4       kind of from an engineering, and I'm an engineer,  
5       it happens to be kind of a very perfect scenario.

6               HEARING OFFICER KRAMER: Let me suggest  
7       that you guys finish this discussion during your  
8       workshop.

9               MR. WILLIAMS: Sure.

10              MS. HOLMES: So, but let me confirm that  
11       what we are going to get is additional information  
12       on what's going on with the infrastructure and the  
13       schedule for completion of the infrastructure.

14              We're going to get something that's  
15       signed by LA County indicating its intent to sell  
16       you the water for the project over the life of the  
17       project.

18              MR. BARNETT: Something beyond what you  
19       already have?

20              MS. HOLMES: Let's discuss that, we can  
21       discuss that issue in the workshop. I just want  
22       to put on the record because I think there may be  
23       confusion about what we do have and don't have.

24              But that's something that we need. And  
25       the third that we need information about the other



1 potential purchasers of this reclaimed water so  
2 that we can assure that there's a reliable supply  
3 of water over the life of the project.

4 I don't have any, I don't have any  
5 doubts that you're not --

6 MR. WILLIAMS: I know.

7 MS. HOLMES: -- going to be able to  
8 demonstrate that.

9 MR. WILLIAMS: May I just say one more  
10 thing. And I apologize. But in the will serve  
11 letter inherent in that, when the LA County  
12 Waterworks Districts have said twice now, several  
13 years ago and then in the last, you know, six  
14 months or so that they will provide water to this  
15 power plant. They know where it is.

16 And that they know that there's going to  
17 have to be a conveyance system to get the water  
18 there.

19 And they also know that they are  
20 responsible for that pipeline.

21 MS. HOLMES: Thank you.

22 HEARING OFFICER KRAMER: Next issue?

23 MS. HOLMES: The last issue.

24 HEARING OFFICER KRAMER: Last issue,  
25 great.

1 MS. HOLMES: Transmission system  
2 engineering. Pulled up the wrong set of mics, I  
3 apologize.

4 With respect to transmission system  
5 engineering staff would like to see the draft  
6 facilities studies with a route that is identical  
7 to the route that the applicant is currently  
8 proposing.

9 We understand that there is a draft  
10 facilities study that will be available shortly.

11 So we're hopeful that this issue can be  
12 resolved quickly.

13 Secondly, we need some indication from  
14 Los Angeles Department of Water and Power and  
15 Southern California Edison that the clearances  
16 that are proposed for the five crossing of 500 kV  
17 lines are feasible.

18 And third, we need complete information  
19 in response to data requests 144 to 146.

20 HEARING OFFICER KRAMER: Which are  
21 roughly about what?

22 MS. HOLMES: The same issue.

23 MR. CARROLL: With respect to the  
24 facilities study, Ms. Holmes is correct. The  
25 facilities study is under development.

1                   What we have been told by Southern  
2           California Edison is that they intend to provide  
3           it to the ISO at the end of this month.

4                   And depending on the extent to which the  
5           ISO has comments or the period of time it takes  
6           them to review it, you know, it would obviously be  
7           made available to us and to the Energy Commission.

8                   We don't have control over that process.  
9           And as I've said at the outset we've been working  
10          very closely with Southern California Edison to  
11          try to expedite matters.

12                  We've been working with them going back  
13          two years at this point on this project. And so  
14          there's a lot of effort going into that.

15                  But notwithstanding that effort it's not  
16          completely within our control. And I know that  
17          everyone in this room has had an experience on  
18          similar projects where the utilities sort of move  
19          at their own pace.

20                  And when you're talking about upgrades  
21          or projects that in their mind are, because, in  
22          fact, they are years away, it's sometimes hard to  
23          get their attention focussed on it.

24                  Obviously we believe the facilities  
25          study is forthcoming. We don't believe, and this

1       wasn't stated explicitly, but I believe this is  
2       the case, that it's something that is required in  
3       order for the staff to move forward with the  
4       Preliminary Staff Assessment.

5               And we think that it's perfectly  
6       acceptable for a PSA to say, you know, this is our  
7       analysis of the project. Of course, it's subject  
8       to what the facilities study says.

9               And we anticipate that we'll obtain that  
10       sometime between the PSA and the FSA. So this is  
11       one of those areas where we do know that  
12       additional information is forthcoming.

13              But we don't think that the fact that we  
14       don't have it now precludes the staff from moving  
15       forward with the PSA.

16              With respect to the clearances I think  
17       it's important to keep in mind that the crossings  
18       that are proposed on this project already exist.

19              We're not proposing anything new here.  
20       So there are already crossings on this line. So  
21       We're a little bit baffled in terms of the  
22       concerns about the feasibility or the  
23       acceptability of those crossings because there  
24       really isn't going to be anything significantly  
25       different post-project than what currently exists.

1                   And I have to pull out 144 and 146 to  
2           see if there's something in there. Well, let me  
3           ask, is there something in those data requests  
4           beyond those two issues?

5                   And what specifically from 144 and 146  
6           are we missing?

7                   HEARING OFFICER KRAMER: Say your name  
8           first, please.

9                   PRESIDING COMMISSIONER BYRON: Please  
10          turn on your microphone and then it'll help.

11                  MS. NG: Laiping Ng, transmission  
12          engineering. Data request 144 has asked the  
13          applicant to contact with the Edison and LAWP for  
14          the, let me rephrase it.

15                  First we asked that to provide evidence  
16          showing that SC has informed and agreed for the  
17          proposed change to the Pearblossom-Vincent 230-kV  
18          line and a possible interruption of the power  
19          service to the Pearblossom substation owned by  
20          CDWR.

21                  And then there's a sublist of a, b, c  
22          and d. The one I just mentioned is a.

23                  And then the b is, provide the conductor  
24          size, type, length of the existing 230-kV line  
25          that you propose to reconductor.

1                   And then c is, provide the existing  
2           conductor type and size.

3                   And then the third is, provide general  
4           environmental analysis for the reconductoring,  
5           CEQA analysis, that's 144.

6                   HEARING OFFICER KRAMER:   Before you go  
7           could you give a copy of that to the court  
8           reporter so he can get some of those things  
9           spelled correctly.

10                  MS. NG:   Okay.   This has been docketed.

11                  HEARING OFFICER KRAMER:   Well, it would  
12           be easier if we just made photocopies to take with  
13           him.

14                  MS. NG:   Okay.   Well actually, this is  
15           144 and you have 145 and 146.

16                  And do you want me to go on with 145?

17                  MR. CARROLL:   No.

18                  MS. HOLMES:   Laiping why don't you focus  
19           on, okay, I'm sorry.   You said no?

20                  MR. CARROLL:   Yeah, I guess.   I mean I  
21           know what 144 and 145 ask for.   I guess what I'm  
22           unclear on is the extent to which the response is  
23           that we've already provided --

24                  MS. NG:   Sure.

25                  MR. CARROLL:   -- are not adequate

1       because --

2               MS. NG: I'll go for the detail.

3               MR. CARROLL: -- okay.

4               MS. NG: For 144 you have responded, the  
5       Pearblossom pumping station is owned by LA Water  
6       and Power. That's incorrect.

7               That sub is owned by California  
8       Department of Water and Power, Water Resources.

9               And then 145. You stated that you are  
10      under-crossing two sets of 500 kV lines. That's  
11      also incorrect.

12              The existing has five sets of 500 kV  
13      circuits above the Pearblossom-Vincent 230-kV line  
14      and two sets of conductors owned by Edison and  
15      three sets owned by LA Water and Power.

16              And then 145a, we asked for the  
17      conductor type size. Wait, hold on, sorry. The  
18      145a we asked to provide the drawing of the under-  
19      crossing section, the existing one and your  
20      proposed one, drawings not just telling me the  
21      height.

22              We want drawing of the under-crossing  
23      section of the existing line and the proposed  
24      line.

25              And the 145b, I want to emphasize that

1       you stated that the LA Water and Power attended  
2       the February 4, 2009 workshop and they did not.

3               MR. CARROLL:  Okay, well --

4               MS. HEAD:  Rick is on the phone.

5               MS. HOLMES:  He's not LADWP.

6               MS. HEAD:  Oh, I'm sorry, I'm sorry.

7               MR. CARROLL:  So with respect to three  
8       of the four of those what you're saying is that we  
9       made a mistake.  But it sounds like you've all  
10      figured it out so I'm not sure what you want from  
11      us at this point.

12              MS. HOLMES:  Yes, well no, I think that,  
13      but they are related, particularly the issue of  
14      the, crossing the 500 kV lines.

15              The configuration that you are proposing  
16      as I understand it is different.  And that's why  
17      feasibility is an issue.

18              It's not as though you're going to put  
19      lines on existing poles and not change it.

20              My understanding is the configuration is  
21      changing considerably and as a result there are  
22      issues associated with clearance and with  
23      feasibility.

24              So, and in addition with respect to what  
25      you said earlier about the facilities study, in



1 light of the letter from Southern California  
2 Edison in response to staff's request for  
3 information where they, and I don't want to  
4 paraphrase it so, they indicate that they've  
5 identified concerns that require further detailed  
6 analysis to confirm the technical feasibility of  
7 the project.

8 MR. PENNA: Oh well, read the paragraph  
9 before that though. That's sort of out of  
10 context.

11 PRESIDING COMMISSIONER BYRON: You need  
12 to identify yourself please.

13 MR. PENNA: I beg your pardon, Tony  
14 Penna with Inland Energy.

15 There's a paragraph in there where the  
16 Edison Corporation indicates that they've done  
17 technical feasibility and that they have not seen  
18 any fatal flaws.

19 And it seems apparent to everyone on our  
20 team that at this stage using preliminary  
21 engineering, of course they would have concerns  
22 until they get to the final engineering.

23 MS. HOLMES: Well I think that I would  
24 agree that the Edison letter is ambiguous.

25 They say they didn't identify immediate

1 items that would cause a preliminary finding that  
2 the right of way is unacceptable. However, they  
3 did identify several concerns. And I can only  
4 imagine that they are specific concerns that  
5 require a detailed analysis to determine the  
6 technical feasibility.

7 So that's the reason why we would like  
8 to have the draft facilities studies. It appears  
9 to us that it should be available fairly quickly.

10 I'm hoping that that resolves those  
11 issues.

12 The other issue associated with the  
13 facilities study has to do with the fact that the  
14 cluster study that was provided earlier didn't  
15 identify a specific route.

16 And we want to make sure that the  
17 specific route that you are currently proposing is  
18 analyzed in that draft facility study.

19 MR. BARNETT: And this is Tom Barnett  
20 with Inland Energy and I'd like to make some  
21 general comments on this because a lot of what Ms.  
22 Holmes indicated, you know, suggests that she has,  
23 sort of, suppositions about what's happening.

24 And I really feel like the applicant is  
25 being treated unfairly here. We have been working

1 with Southern California Edison since February of  
2 2006 when we made our application to the ISO for a  
3 position in the queue.

4 We identified this as one of the  
5 alternative routes that would take specifically to  
6 run along the Edison corridor from Pearblossom to  
7 Vincent.

8 We worked with Edison for more than two  
9 years now to evaluate alternatives. We eliminated  
10 all the other alternatives and have focussed on  
11 this.

12 Edison is, as with most of the utilities  
13 in my experience of 30 years, you know, they are  
14 slow to commit to things. And they are often,  
15 it's difficult to work with in terms of being able  
16 to get information in a timely manner.

17 We found that to be the case here.

18 A lot of the problem has to do with the  
19 fact that they are considering this line to be a  
20 part of the Tehachapi Renewable Program and  
21 they've encountered some difficulty there, some  
22 push back. And it's made them very sensitive to  
23 what's going on in that area.

24 All of this really doesn't directly  
25 reflect on our project.

1                   There seems to be this, almost  
2                   suspicion, on the CEC's part that there's  
3                   something wrong with our proposed route.

4                   The reality is, we've worked with Edison  
5                   on this. Edison is okay with this route. It's  
6                   been the route we've been working with on them for  
7                   years.

8                   It is, in fact, what the applicant said  
9                   we're going to do.

10                  Now the CEC, for some reason, acts like  
11                  they don't believe that we're going to be able to  
12                  do this.

13                  We've said we're going to be able to do  
14                  this and there isn't any evidence that we can't do  
15                  this.

16                  And, in fact, we're going to be going  
17                  over an existing Edison right of way that includes  
18                  a line that already crosses under these existing  
19                  other transmission lines.

20                  We're going to be replacing that with a  
21                  new line.

22                  And the fact that Edison is going to  
23                  have to coordinate with the customer, in this case  
24                  DWR, at some point for what is likely to be a very  
25                  brief interruption of service is something Edison

1 does every day.

2 The fact that they cross lines with  
3 LADWP is something they do every day.

4 In fact, as we've said there's already a  
5 line there. It's not like we're doing something  
6 new.

7 We are going to be simply replacing the  
8 existing crossing with a different crossing,

9 So I really feel like that the, sure  
10 would we have liked to have more information from  
11 Edison, no doubt, but it's been a little bit like  
12 pulling teeth from them not because they are  
13 opposed to our route.

14 And I grant you that letter of theirs  
15 was less than a thrilling endorsement but  
16 unfortunately that's the way utilities are. I  
17 worked for one for 15 years.

18 But the reality is believe me if they'd  
19 had a problem with this they would say so. And  
20 they are not saying that. They are simply saying,  
21 you know, we're being cautious which is the way  
22 utilities are.

23 The facilities study is going to come,  
24 you know, the applicant paid Edison and the ISO  
25 100,000 dollars to do this facilities study.

1                   There is a detailed contract with a  
2                   detailed scope of work attached to it that shows  
3                   exactly this route attached to it. That that is  
4                   what the facilities study is going to examine.

5                   And we expect that when it comes out it  
6                   will confirm all this.

7                   And all we're suggesting is that the PSA  
8                   should not be held up for this document which is  
9                   already some 22 months late according to the  
10                  actual ISO and rules for issuing this kind of  
11                  document.

12                  And we are trying to be able to move  
13                  forward in the face of no really tangible evidence  
14                  that there is a problem with this proposed route.

15                  HEARING OFFICER KRAMER: Mr. Buckingham,  
16                  do you want to say something?

17                  MR. BUCKINGHAM: Thank you. My name is  
18                  Rick Buckingham, California Department of Water  
19                  Resources, State Water Project, Transmission  
20                  Planning.

21                  As many of you know DWR's Pearblossom  
22                  pumping facility is critical to our primary  
23                  mission of delivering water especially through our  
24                  southern branches.

25                  We are concerned that by utilizing the

1 existing transmission line, well actually  
2 reconductoring and replacing it, there is some  
3 ambiguity as to what the impacts would be to our  
4 availability of that plant and especially during  
5 what time of the year and then how long of the  
6 duration.

7 So we've tried to attend as many of  
8 these workshops as possible and ask questions upon  
9 the applicant to be able to get some sort of idea  
10 of what we would be facing so we could plan for  
11 it.

12 On June 1st we sent a letter to the CEC  
13 and on to the applicant listing some of our  
14 preliminary concerns.

15 I wanted to ask a few questions first if  
16 I may.

17 PRESIDING COMMISSIONER BYRON:  
18 Certainly.

19 MR. BUCKINGHAM: Thank you sir. Number  
20 one, when you're speaking of the facilities study  
21 it's been our experience that there are actually  
22 two studies that are done when there's any inter-  
23 connection going on, a system impact study and  
24 then followed by a facilities study.

25 Is this to say that you already have a

1 system impact study in-house?

2 MR. BARNETT: We do indeed. In fact it  
3 was a requirement for us to be submitting, as part  
4 of the AFC.

5 So a system impact study has, in fact,  
6 been done.

7 MR. BUCKINGHAM: Okay, second question,  
8 since you're so close to having a draft facilities  
9 study done I'm sure that there must be a good  
10 understanding between you and Edison as to what  
11 kind of a construction schedule, i.e. duration of  
12 an outage that you'd be looking at for the  
13 Pearblossom-Vincent segment of that line.

14 That is key information to us because  
15 right now CEC is developing their PSA and we would  
16 need to be able to participate prior to getting to  
17 the Final Staff Assessment.

18 Our concern is that it is not just a  
19 outage that you might have at your house or at  
20 even a power plant, we have to be able to schedule  
21 our maintenance outages more than a year ahead,  
22 especially for a major facility such as that.

23 And we need to be able to move water  
24 around those periods to be able to basically  
25 transfer more water prior to the outage itself.



1           So it's critical to us to be able to  
2       answer that fundamental question as to what is  
3       your probable length of duration of an outage.

4           And what is the worst case. And that  
5       information really needs to get to us as soon as  
6       possible along with the other items that we had  
7       contained in our letter.

8           We are willing to be able to try and  
9       coordinate with you what schedules but, once  
10      again, there are so many uncertainties facing us  
11      right now.

12          We don't know really how adverse the  
13      impacts will be upon us.

14          MR. BARNETT: Again, this is Tom  
15      Barnett. I'd like to respond to Mr. Buckingham.

16          First, I want to assure you that we and  
17      the applicant, the City of Palmdale, and Southern  
18      California Edison all understand the importance of  
19      the Pearblossom pumping station and the  
20      significance of any interruption in electric  
21      service to it.

22          And so, and I think our premise from the  
23      beginning has been that the approach we would take  
24      would have to be one that was satisfactory to DWR.

25          And I simply, while I recognize that all

1 of your concerns are very legitimate the only  
2 question I have with them would be with regard to  
3 the timing because our position at this point is  
4 as follows, you suggested that if the facilities  
5 study is about to be issued we ought to have all  
6 of this information available to us.

7 Frankly, that's not the way Edison  
8 works. I mean we have almost none of that  
9 information available to us.

10 Edison will make that available in the  
11 draft facilities study.

12 And certainly information that can be  
13 shared with you we want to do so as quickly as  
14 possible. And Edison has indicated the same  
15 thing.

16 But the bottom line of this is that  
17 everyone, all of us, understand that the concerns  
18 you expressed in your letter of June 1st, you  
19 know, we'll have to be addressed or we won't be  
20 able to go forward.

21 And there isn't anything in that letter  
22 that suggests there are fatal problems there. As  
23 I said, Edison does this kind of thing all the  
24 time with customers.

25 They coordinate outages for a wide

1 variety of maintenance and new transmission line  
2 activities.

3 So our suggestion is, you know, let's  
4 make sure that the ultimate permit includes  
5 conditions that says your concerns will have to be  
6 satisfied.

7 And we freely accept that as something  
8 that we need to do to go forward. But in terms  
9 of, you know, making sure that it can be done  
10 right now, you know, we just don't have the  
11 information we need from Edison to be able to do  
12 that.

13 But we promise you we will have that to  
14 you in time to satisfy your concerns or we won't  
15 be able to do it.

16 MR. BUCKINGHAM: Thank you. I really  
17 appreciate hearing those words.

18 Commissioner, and the only thing that  
19 concerns us is I know there's a lot of pressure to  
20 expedite the remaining process and so we just want  
21 to make sure that when the information does come  
22 out as to what the impacts will be that there will  
23 be adequate time for DWR to be able to weigh in on  
24 those considerations. Thank you.

25 PRESIDING COMMISSIONER BYRON:

1       Absolutely.

2               MR. CARROLL:   And I would just add on  
3       this particular issue, and Mr. Buckingham you were  
4       copied on it, but it came out rather recently, so  
5       I don't know if you saw it or not, the June 29th  
6       letter from Manuel Alvarez at SCE to Terry O'Brien  
7       here at the Energy Commission in response to a  
8       question from Mr. O'Brien about this very issue.

9               What will Edison do to make sure that  
10      the existing customers are not impacted.   And what  
11      Edison says essentially is, you know, what  
12      Mr. Barnett described which is, look we do this  
13      all the time.   There's a process.   We're not there  
14      yet but when we get there, of course, you know,  
15      we'll implement that process.

16              MR. BUCKINGHAM:   Yes I agree.   I just  
17      want to emphasize though it is inherently  
18      different than an industrial, residential --

19              MR. CARROLL:   Sure.

20              MR. BUCKINGHAM:   -- hook up because we  
21      have to transfer water in advance of that outage.

22              MR. CARROLL:   Right, and I'm sure Edison  
23      appreciates that.

24              HEARING OFFICER KRAMER:   Have anymore  
25      comments on TSE?

1                   MR. CARROLL: Well I guess I'm, maybe if  
2                   we can summarize because I'm not exactly sure what  
3                   kind of the bottom line list is from staff's  
4                   perspective in order to get to PSA.

5                   Is it the --

6                   MS. HOLMES: We would like to see the  
7                   draft facilities study.

8                   We would like to see some indication  
9                   that the clearances associated with the  
10                  reconductoring and the change configuration of the  
11                  lines appear to be feasible.

12                  And if there's additional information  
13                  that I'm forgetting right now with respect to data  
14                  responses 144 through 146.

15                  MR. CARROLL: Yeah, in that I would like  
16                  some because I heard some things that we got  
17                  factually wrong. And I apologize for that.

18                  But it sounds like the staff managed to  
19                  figure out what the facts were. So I wasn't clear  
20                  whether there was still something outstanding  
21                  beyond the two things that were just mentioned.

22                  MR. ESTERS: This is Mark Esters. I'm  
23                  with Transmission too. I just had one question.

24                  The biggest issue that we have is that  
25                  we have a route in the AFC, no, one of the big

1 issues is, we have a route in the AFC that is  
2 different than the one in the system impact study.

3 It sounds like you have a facilities  
4 study agreement that has, that's consistent with  
5 your proposed route in your AFC.

6 Submitting the facilities study  
7 agreement gets us at least another step and may be  
8 sufficient.

9 Because then at least we know Edison now  
10 has, you know, has agreed to do the study that's  
11 consistent with route that we're permitting and  
12 the reconductoring that we would be, not  
13 permitting, that we'd be studying.

14 But we don't have anything like that at  
15 this point.

16 MR. CARROLL: So is that, do you know,  
17 is that typically a public document?

18 MS. HOLMES: I do not know. Mark do you  
19 know?

20 MR. ESTERS: I'm pretty sure it is. I  
21 don't think there's any issue --

22 MR. BARNETT: Hold it, you're talking  
23 about the facilities study agreement --

24 MR. ESTERS: Just the agreement, yeah,  
25 yeah.

1 MS. HOLMES: Just the agreement.

2 MR. BARNETT: Oh yeah, sure. Yes, I  
3 believe that's a public document. So, okay.

4 MS. NG: Yeah because in this cluster  
5 study, what is so-called system impact study, the  
6 proposed conductor, the proposed T line is only  
7 16.7 miles. And the route is different from your  
8 AFC.

9 MR. CARROLL: I think we can, subject to  
10 us learning some reason that we can't, it seems to  
11 us that we can provide that document to you. So  
12 that doesn't seem to be a problem.

13 Am I hearing that with that we may be in  
14 a position to move to a PSA?

15 If I knew with certainty that the  
16 facilities study would be issued on July 31 -- and  
17 keep in mind what SCE said was that they were  
18 going to provide it to the ISO on July 31.

19 You know if I knew with certainty that  
20 we were going to get it shortly thereafter I  
21 wouldn't be making a big deal about this.

22 But, you know, we may not have that  
23 facilities study from the ISO for six more months.

24 And so I'm still, that's why I'm still  
25 pressing on whether or not we really need that in

1 order to move to the PSA.

2 MS. NG: I believe we still need the,  
3 sorry ( activating mic), I think we still need  
4 the, at least the contact information, let the  
5 LADWP know that your proposed change.

6 The reason for that is your, the  
7 existing pole, that's a part of the existing 230-  
8 kV line from Pearblossom to Vincent is H frame.  
9 It's lower.

10 And your proposed route, your proposed T  
11 line is double circuits, one support your gen-tie,  
12 the other one supporting the existing Pearblossom-  
13 Vincent 230-kV line.

14 So that the pole height is a concern.  
15 So that's why I asked for a picture showing the  
16 existing pole and the proposed pole with the  
17 clearance height with all the dimensions.

18 MR. BARNETT: Yeah, yeah we can, I mean,  
19 obviously Edison knows how to do this. And so --

20 MS. NG: That's fine.

21 MR. BARNETT: -- and duck-under  
22 facilities are done all the time. And so I can we  
23 can get you --

24 MS. NG: Right.

25 MR. BARNETT: -- a drawing of what that



1 duck-under facility would look like compared to  
2 the one that's there now.

3 MS. NG: And then a letter or  
4 indications saying that at least LADWP is aware of  
5 your line is under-crossing the three sets of 500  
6 kV lines.

7 MR. ESTERS: This is Mark Esters. And I  
8 think the facilities study agreement would work in  
9 place of the facilities study though we would  
10 still like the facilities study as it consolation.

11 MR. BARNETT: Oh yeah, when we get it.

12 MS. NG: However if you want us to  
13 finish a PSA I believe at least draft facilities  
14 study would help.

15 MR. ESTERS: Well, we're okay with that,  
16 yeah. I think we're okay without the draft  
17 facilities study for the PSA if we can get the  
18 agreement.

19 MR. CARROLL: Okay.

20 MR. ESTERS: We just need to be aware  
21 that Edison is at least studying the same route  
22 that we're analyzing.

23 MR. BARNETT: Fair enough.

24 MR. CARROLL: Okay. I think we can  
25 provide everything you've asked for.

1                   HEARING OFFICER KRAMER: Okay, so after  
2                   this discussion do the parties feel they're any  
3                   closer together about the question of when a PSA  
4                   could be released?

5                   MS. HOLMES: Well I think we've  
6                   identified a number of informational items and it  
7                   would depend upon when those come in.

8                   I think Felicia Miller who's the project  
9                   manager can talk about the length of time that it  
10                  may take once those items do come in.

11                  Is that the question you're looking for  
12                  Hearing Officer Kramer?

13                  HEARING OFFICER KRAMER: Yes, or if  
14                  somebody can, if we can narrow the issues that the  
15                  Committee is supposed to address. That's also  
16                  helpful.

17                  MS. F. MILLER: If we're just addressing  
18                  the schedule, I'll speak louder. If you're just  
19                  addressing the schedule --

20                  THE REPORTER: Felicia would you  
21                  identify yourself for the record.

22                  MS. F. MILLER: I'm Felicia Miller.  
23                  Depending on when the applicant comes up with the  
24                  parts and pieces that we've identified I could  
25                  tentatively get a PSA out six to eight weeks

1       depending upon what renewable projects are on the  
2       queue in siting and what documents are scheduled  
3       to be published.

4               PRESIDING COMMISSIONER BYRON:   And why  
5       would the renewable projects have an impact?

6               MS. F. MILLER:   My direction from Siting  
7       Division Chief is that renewable projects have a  
8       greater priority over gas-fired projects.

9               PRESIDING COMMISSIONER BYRON:   Have you  
10      also factored in the impact of furloughs into your  
11      estimate?

12              MS. F. MILLER:   Yes, I think reasonably,  
13      six to eight weeks because we're only talking  
14      certain areas that are affected and there are a  
15      number of areas outside of the four that we've  
16      discussed today that staff has started to work on  
17      their PSA sections.

18              HEARING OFFICER KRAMER:   Now this  
19      project has a renewable component but is that  
20      enough to put it in the renewable category in  
21      terms of the direction you've received?

22              MS. F. MILLER:   Bob is saying, yes.

23              HEARING OFFICER KRAMER:   Okay so then  
24      the renewable issue may not be as big a factor.

25              MS. F. MILLER:   It just depends.

1                   MR. WORL: It would be at the bottom of  
2                   the heap.

3                   PRESIDING COMMISSIONER BYRON: You'll  
4                   need to come forward and identify yourself,  
5                   please.

6                   MR. WORL: Oh, my name is Bob Worl. I  
7                   am the Siting Program Manager at the Energy  
8                   Commission.

9                   And, yes, renewables are being given  
10                  priority. This project does have a substantial  
11                  renewable component.

12                  It is eligible to be part of that  
13                  prioritized group.

14                  But we do have a lot of work that is  
15                  ongoing and we do have a number of projects that  
16                  are nearing publication points.

17                  So it's something that is discussed on a  
18                  weekly basis, the priority order by the office  
19                  managers and the Deputy Director for the division.

20                  HEARING OFFICER KRAMER: Thank you. His  
21                  last name is spelled W-O-R-L.

22                  MS. F. MILLER: So that's why I would  
23                  need to say six to eight weeks because I need to  
24                  spread it out long enough to be able to insert it  
25                  into the queue.

1                   HEARING OFFICER KRAMER: And let's see,  
2           it sounds as if, correct me if I'm wrong, TSE it  
3           sounds like you've, you're coming to a meeting of  
4           the minds.

5                   MS. HOLMES: It sounds to me as though  
6           information could be provided --

7                   HEARING OFFICER KRAMER: The same for  
8           soil and water.

9                   MS. HOLMES: -- quite quickly.

10                  MR. CARROLL: Yes.

11                  HEARING OFFICER KRAMER: Great. Soil  
12           and water sounded like it was going in the same  
13           direction.

14                  MS. HOLMES: I think it may take a  
15           little bit of additional time because I think we  
16           need to have that workshop.

17                  I'm suggesting a telephonic workshop to  
18           clean up the numbers that we have.

19                  So that would take probably, I'm sure  
20           you could get us the other information prior to  
21           that but give the noticing requirements.

22                  I'm guessing the workshop will take a  
23           couple of weeks.

24                  HEARING OFFICER KRAMER: Okay, could we  
25           ask that you stick around after we conclude today

1 and look at all of your calendars and set one up?

2 MR. CARROLL: Sure.

3 HEARING OFFICER KRAMER: Biology and air  
4 quality sounded as if they, well biology certainly  
5 might also benefit from a workshop. Would you  
6 agree?

7 MR. CARROLL: I don't think so. I think  
8 on the biology we've agreed to identify suitable  
9 mitigation lands.

10 And we've agreed to file the streambed  
11 alteration --

12 MS. HOLMES: Right.

13 MR. CARROLL: -- alteration application.  
14 And so I think we can respond to those very  
15 quickly.

16 MS. HEAD: The streambed notification.

17 MS. HOLMES: Notification.

18 MR. CARROLL: Yes, I'm sorry,  
19 notification.

20 HEARING OFFICER KRAMER: And then what  
21 about air quality?

22 MR. CARROLL: I think we can also  
23 respond to that relatively quickly.

24 HEARING OFFICER KRAMER: So given that,  
25 is the applicant not profoundly uncomfortable with

1 the progress that we've achieved today?

2 MR. CARROLL: No, I think that we made  
3 good progress today. I guess the thing that gives  
4 me some pause, I view, you know, much of what we  
5 agreed to provide today as largely confirmatory of  
6 the analysis that was presented in the AFC.

7 I mean we didn't go off in any new  
8 directions here. And so I guess I'm a little bit  
9 troubled by the notion that it would be six to  
10 eight weeks after we've provided all this  
11 information before we could see a PSA because I  
12 don't think there's anything startlingly new here.

13 I don't see anything new period. It's  
14 areas that are, where the staff has wanted some  
15 further assurance that what we said in the AFC is,  
16 in fact, the case. And we've agreed to provide  
17 that.

18 So I would hope that in light of that  
19 the PSA could be produced in a period of time  
20 shorter than six to eight weeks. I think --

21 MS. HEAD: Or six to eight weeks from  
22 today.

23 MR. BARNETT: Yeah, six to eight weeks  
24 from today as opposed to getting the information.

25 HEARING OFFICER KRAMER: You need to

1 respond orally.

2 MS. F. MILLER: It's dependent on when  
3 the Commission receives the information and that  
4 the technical staff responsible for that area  
5 decides whether or not the information that  
6 they've sent is adequate.

7 MS. HOLMES: I'd just like to add that I  
8 don't think it's as though staff is going to take  
9 the information and say, okay now that's confirmed  
10 and not do anything with the information.

11 In some of the technical areas I think  
12 there is going to be additional analysis that  
13 needs to be conducted once the information is  
14 received.

15 HEARING OFFICER KRAMER: Mr. Carroll  
16 what is the applicant, let me start back up, it  
17 sounds to me like the transmission studies are  
18 going to be the potential sticking point for this  
19 project.

20 Unless you're proposing that an FSA come  
21 out and hearings be held before we have the final  
22 facilities study signed off. Are you proposing  
23 that?

24 MR. CARROLL: We're not proposing that.  
25 We wouldn't anticipate that being a problem.



1 HEARING OFFICER KRAMER: Okay, so that  
2 could be as you said, six months down the road.

3 So what are you really buying by forcing  
4 the PSA to come out sooner than staff is  
5 proposing.

6 MR. CARROLL: Well a number of things  
7 and specifically with respect to the facilities  
8 study. If we get, for us to go to Edison and say,  
9 you are holding up the process, their response to  
10 that is, oh right, I'm sure there are, you know,  
11 dozens of other issues that are unresolved with  
12 this project.

13 Once we get a PSA that says, you know,  
14 these are the outstanding issues for this project  
15 moving forward and one of them is the facilities  
16 study.

17 We can take that to Edison and we and  
18 others can put a lot more pressure on them under  
19 that scenario than we can when we're just saying  
20 that they're holding up the process and we don't  
21 have anything to confirm that.

22 Once we have a PSA issued that says  
23 these are the outstanding issues and one of them  
24 is the facilities study that gives us much more  
25 leverage with Edison and the elected officials.

1           And everybody else can put pressure on them  
2           to say, you know, it's clear now because the staff  
3           has said it in their PSA that you're holding up  
4           the project.

5                    So it's a tremendous benefit for us to  
6           get a PSA even if it identifies outstanding issues  
7           because it allows us, it gives us leverage to get  
8           them to close out.

9                    I don't think we're that far apart. I  
10          mean what we were hoping was a PSA in four to six  
11          weeks as opposed to six to eight.

12                   And we can meet somewhere in the middle  
13          we may be able to all walk out generally content  
14          with the outcome of these proceedings.

15                   HEARING OFFICER KRAMER: But you're  
16          saying from today and the staff is saying from  
17          sometime in the future when they have everything  
18          in hand.

19                   MS. F. MILLER: Correct, receipt of the  
20          information we've agreed upon.

21                   MR. CARROLL: I mean if, what if we  
22          structured a proposal wherein the PSA would be  
23          issued six weeks from today provided that  
24          applicant provides all the additional information  
25          by a date certain and every day that we're late

1 the PSA slips.

2 MS. HOLMES: I think that if I'm  
3 understanding correctly the area where there may  
4 be the most amount of additional work that needs  
5 to be done is the one that would be resolved in  
6 the water workshop.

7 My understanding is that the numbers  
8 are, as I said, as we've tried to go through the  
9 numbers that we've gotten from various public  
10 agencies as well as the numbers in the AFC and the  
11 data responses we don't have a real understanding  
12 of how they fit together.

13 So once we get correct numbers I think  
14 that may take some additional time just to pull it  
15 together.

16 It's not just a question of plugging  
17 them into a table. Staff has to write an analysis  
18 about what those numbers mean.

19 And that process hasn't started yet.

20 So I agree with you that in some of the  
21 areas what we may be getting is confirmatory, for  
22 example, in transmission system engineering but I  
23 think that there are other areas, air quality and  
24 water for example where that may not be the case.

25 And water is the one that may take an

1 amount of additional time just because I have  
2 worked on those analyses before and I know that  
3 they're time consuming.

4 MR. BARNETT: Yeah, I would like to say  
5 one other thing. With regard to the water, Caryn,  
6 I mean, yeah, there's no doubt of its importance.

7 I'm just, I think maybe we're a lot  
8 closer than you made it sound. I mean --

9 MS. HOLMES: I hope so.

10 MR. BARNETT: -- well, no, I mean, I  
11 understand it's confusing. But I think we can cut  
12 through that confusion quickly.

13 And I'm not even sure whether, I mean I  
14 think we can get you a lot of the information that  
15 we talked about here today that you wanted from  
16 agencies in a hurry and, you know, don't need to  
17 wait necessarily for two weeks for a telephonic  
18 workshop.

19 And I really think that the data, I  
20 think we can cut through that in a hurry is my  
21 point.

22 MS. HOLMES: One option might be then to  
23 consider scheduling a workshop and hoping that we  
24 don't, in fact, need to take advantage of it.

25 MR. CARROLL: That would be my

1 suggestion. We'll go ahead and schedule it so we  
2 don't lose additional time on noticing.

3 But we will include in our written  
4 submittals what we think you're looking for in  
5 order to clarify the numbers and hope that that  
6 would preclude the need for the workshop.

7 HEARING OFFICER KRAMER: So where does  
8 that leave the parties on the timing question?

9 I mean as a preface the committees are  
10 reluctant to get into the micro-managing of  
11 staff's workload and their work and sometimes if  
12 we write schedules that have deadlines and  
13 specific dates and we can spend an awful lot of  
14 time rewriting those things and having conferences  
15 like this.

16 So we really do prefer that the parties  
17 work it out. I think in this case I don't think a  
18 week or two because you've got the ultimate time  
19 factor of the facilities studies, you know, a week  
20 or two just doesn't seem very significant in the  
21 bigger picture.

22 But having said that is there a formula  
23 that the parties can agree to or are just going to  
24 leave to us to pick up something.

25 MR. CARROLL: I agree, a week or two

1       never seems significant in the abstract. But you  
2       start stringing a week or two together --

3               MR. BARNETT: Right.

4               MR. CARROLL: And suddenly you've got  
5       months and --

6               PRESIDING COMMISSIONER BYRON: I would  
7       characterize it differently. From your  
8       perspective a week or two could be very  
9       significant.

10              MR. BARNETT: Right.

11              PRESIDING COMMISSIONER BYRON: But it's  
12       also the ability for staff to estimate the amount  
13       of time that it takes to do these things certainly  
14       it seems with a changing landscape it seems every  
15       other day in the Legislature right now.

16              So that's problematic from our point of  
17       view I think to be able to estimate it that  
18       accurately.

19              MR. CARROLL: Right, and we  
20       appreciate --

21              HEARING OFFICER KRAMER: Yeah, and the  
22       weeks I'm speaking about are not the timing of the  
23       final decision but where things fit on the  
24       timeline between now and then.

25              MR. CARROLL: All right, I guess from

1       our perspective, you know, we will commit to  
2       provide the information that's been requested  
3       within 10 days from today's date.

4               What we would ask is that we then have a  
5       PSA by the end of August and to the extent that we  
6       missed our 10 day deadline that it would slip.

7               And I've sort of lost track of where six  
8       weeks falls, where eight weeks falls so I don't  
9       know how far away from what staff has proposed  
10      that is but that's what the applicant would like  
11      to see.

12              MS. F. MILLER: I do not see where it's  
13      realistic to put a PSA out in 30 days after we  
14      receive the information, not with the current  
15      workload and furloughs.

16              And then also planning ahead the siting  
17      office is quite aware we have additional projects  
18      coming in and data adequacy takes first priority  
19      over, so I'm taking into account we've got filings  
20      coming in this month and next month on several  
21      projects.

22              I'm just trying to be realistic. I  
23      don't want to throw a date out there and make  
24      promises --

25              MS. HEAD: And as a comment on the math

1 of 10 days from now leaves 42 days until the end  
2 of August which is the six weeks.

3 MS. F. MILLER: Calendar days? We have  
4 three furlough days and --

5 MS. HEAD: It's just six weeks but,  
6 yeah, I understand.

7 MS. F. MILLER: -- just trying to be  
8 realistic. And I'm acutely aware of deadlines in  
9 the office.

10 There are other PSAs --

11 MS. HOLMES: FSAs.

12 MS. F. MILLER: -- and FSAs scheduled  
13 besides this project that are not scheduled as  
14 priorities on the queue yet. They're in the  
15 background.

16 MR. CARROLL: Look I think we're down to  
17 a couple of weeks here. Perhaps we will, you  
18 know, leave it to the Committee.

19 I think what will be extremely important  
20 to us is whether that date is, you know, four, six  
21 or eight weeks, that it be adhered to.

22 I mean, I think that is perhaps more  
23 important than, you know, whether it's four weeks  
24 or six weeks out.

25 HEARING OFFICER KRAMER: Okay, let's



1 close that part of the hearing then and ask if  
2 anybody on the telephone wishes to make a public  
3 comment?

4 Okay, hearing none, does anybody in the  
5 room with us here today wish to make a public  
6 comment?

7 Seeing none there, do the parties have  
8 any closing remarks they need to make?

9 MR. CARROLL: We thank you to the  
10 Committee and to the staff. I think today and in  
11 the time leading up to today we've made some  
12 significant progress.

13 And we're certainly behind where we'd  
14 like to be but I think we are moving forward which  
15 is a good thing from our perspective. So we  
16 appreciate everyone's efforts.

17 HEARING OFFICER KRAMER: Okay. Thank  
18 you. Staff?

19 MS. HOLMES: I would like to  
20 specifically thank Commissioner Byron for his  
21 acknowledgement of the effect of furloughs on the  
22 staff's availability.

23 HEARING OFFICER KRAMER: There may have  
24 been one or two people that came on the telephone  
25 after our initial roll call. If you did and you

1 want to be identified for the transcript could you  
2 speak up now?

3 Okay, nobody there. The question for  
4 the parties for future planning purposes, I think  
5 I mentioned that the informational hearing that  
6 we're, the committees are working on somewhat more  
7 elaborate processes for the exchange of evidence  
8 and leading up to the evidentiary hearings.

9 And, in part, that's dictated by the  
10 degree of controversy. And as best as I can tell  
11 from what I've seen in the e-mail so far, there  
12 doesn't appear to be much public interest in this  
13 case.

14 We have very few intervenors. Are you  
15 aware of something that I'm not aware of that we  
16 should --

17 PRESIDING COMMISSIONER BYRON: Zero.

18 MR. BARNETT: I see zero. I see a City  
19 of Palmdale pulling behind this project. We're  
20 eager to get going and I appreciate everybody's  
21 willingness to come together today and come with a  
22 plan to get us going.

23 HEARING OFFICER KRAMER: Okay, so in the  
24 new schedule we made have a few more details of  
25 the exchange of evidence but it might be then

1 somewhat more truncated compared to some of the  
2 more controversial cases that we're seeing at this  
3 moment. Mr. Buckingham.

4 MR. BUCKINGHAM: Just a quick question.  
5 We certainly don't want to be characterized as  
6 intervening or obstructing but we are a very,  
7 emphatic, enthusiastic stakeholder. Thank you.

8 PRESIDING COMMISSIONER BYRON: It is  
9 actually for the reasons that you're interested  
10 that we conduct these meetings in the public and  
11 that they're transparent so you can see and know  
12 everything that is going on.

13 HEARING OFFICER KRAMER: And despite  
14 what some may say intervention does not always  
15 equal obstruction.

16 PRESIDING COMMISSIONER BYRON: That's  
17 correct.

18 HEARING OFFICER KRAMER: So that's all I  
19 have. Commissioner Byron?

20 PRESIDING COMMISSIONER BYRON: Just a  
21 few comments if I may. I'd like to thank everyone  
22 for the very professional way in which they  
23 conducted themselves today.

24 I know that it's been very difficult in  
25 this organization of late.

1           I don't have any difficulty in saying  
2       it, I'm very depressed. It's been very difficult  
3       around here.

4           And I appreciate the applicant coming in  
5       and asking for this meeting. This is exactly the  
6       way we do want to conduct these and see if we can  
7       resolve issues that are outstanding.

8           Mayor, Mr. City Manager, I appreciate  
9       your being here as well. It speaks volumes for  
10      the project.

11          It would seem to me that what we do have  
12      a little bit of a unique kind of project that the  
13      staff may not see often in that the applicant is  
14      approaching their development a little bit  
15      differently and doesn't have all the information  
16      available to them.

17          And I appreciate it very much that  
18      you're willing to work out an approach to them  
19      getting the information that they have available  
20      to them.

21          And thank you, Mr. Kramer. I think  
22      we've honed in on what we can do for an order here  
23      and we will get one out as soon as we can.

24          We've hinted at some staffing issues.  
25      I'm sure you're aware. Every applicant sees only

1 his project. And, of course, there are about 26  
2 of them before this Commission right now.

3 And as our project manager indicated,  
4 during data adequacy on incoming projects has to  
5 be a priority because under statute we have to do  
6 that quickly as well.

7 That's about four times the normal  
8 workload. And as you may have heard we're now at  
9 three furlough days per month.

10 But that has another impact that I've  
11 become aware of recently. We cannot authorize  
12 overtime which has been typically done in this  
13 division in the past in order to meet this  
14 workload demand. But we can't do that.

15 So instead of about a 15 percent effect  
16 it really has about a 25 percent effect on our  
17 staff's ability to get things done if I'm doing  
18 the math correctly.

19 And there was additional news this  
20 morning that even changes the landscape possibly  
21 once again that we all read in the newspaper. And  
22 we don't know what the implications of that are.

23 So we appreciate your understanding here  
24 that the staff is working very hard and very  
25 diligently and that's why I say I appreciate the

1 way that you all conducted yourselves today.

2 And I think we're done. I have to go  
3 address two other applicant scheduling issues this  
4 afternoon and a 3:30 meeting that I'm late for.  
5 But I'd like to thank you all for being here and  
6 we are adjourned.

7 (Whereupon, at 3:47 p.m., the  
8 Committee Conference was  
9 adjourned.)

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CERTIFICATE OF REPORTER

I, JOHN COTA, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Committee Conference; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said conference, nor in any way interested in outcome of said conference.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of July, 2009.

JOHN COTA

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I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.

July 20, 2009

John Cota